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International Affairs

Editorial Urges U.S. 'Guarantee' in Gulf Crisis

OW1311194390 Tokyo ASAHI EVENING NEWS in English 12 Nov 90 p 6—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 11 November editorial: "U.S. 'Manifest Destiny'"]

[Text] U.S. President George Bush has ordered that the size of the American military force deployed in the Persian Gulf area be increased by more than 150,000 troops. The White House explains the new reinforcements will provide for "an offensive military option" against Iraq, if needed, by the multinational forces.

Although a combined force of 230,000 personnel is already deployed in the Gulf area—mainly ground troops stationed in the deserts of the Arabian Peninsula and including naval and air units deployed in the Gulf and the Mediterranean and Red Seas—Washington has maintained that the ground shield was "thin" when compared to the 430,000 Iraqi personnel said to be deployed in the area. According to the latest announcement, the new U.S. buildup, including some 600 of the latest M-1A1 tanks—said to be equipped with anti-chemical capabilities—gives an indication of the firm resolve against President Saddam Husayn.

Now that the U.S. by-elections are over and with Congress in recess, is President Bush really intent on taking this chance to launch military action against Iraq? Or is his decision to put more muscle into Operation Desert Shield a brinkmanship tactic aimed at getting Saddam to withdraw from Kuwait? Although we are fully aware that the Iraqi invasion of Kuwait was an indisputably outrageous act, we, nonetheless, cannot help but oppose any hasty military action by Washington.

Firstly, any full-scale clash between the multinational forces and Iraqi troops predictably will result in the loss of hundreds and thousands—and depending on the situation, even tens of thousands—of lives. In addition to the combat personnel on both sides, it is clear that a multitude of civilians, including the hostages, who have nothing to do with military or political power, will become involved.

Secondly, we believe the Gulf crisis has not yet reached the stage where a peaceful settlement is hopeless. Several proposals have already been made, and there are signs that Saddam is showing interest in them.

Conceivably, Baghdad's greatest fear today is the scenario, wherein, in the wake of its withdrawal from Kuwait, an all-out offensive is launched by the multinational forces on Iraq itself. This fear is not totally unjustified, because there do exist in the United States and Western Europe strong arguments that now is the time to wipe out Baghdad's chemical-weapons capability and nuclear arms potential.

We, therefore, propose that Baghdad be given an American guarantee that no military offensive will be taken against Iraq on condition that it pulls out of Kuwait. We wonder whether Saddam, who by now must feel the international pressure being applied on him, will ignore such a proposal. Admittedly, a Baghdad armed with chemical weapons will leave room for future apprehensions, but any act aimed at eradicating them militarily could present problems from the point of view of international law.

It was a major error on the part of the Iraqi dictator to have belittled the power of world opinion. A dictatorial government is so structured that accurate information does not reach the ears of those at the top levels of power, and it can be said that Saddam himself has become a victim of that system.

The Iraqi dictator says "non-Arabs should not meddle in the affairs of Arabs." But he needs to become aware of the fact that the Arab world, too, shares only a part of the globe, and that his chemical weapons and missiles are endangering our Earth. A magnanimous spirit—that oil, too, is a fruit bequeathed by Earth—is also preferred.

Americans have become involved in a number of wars in this century, but they have yet to experience any war in which parts of their own country have been reduced to ashes. So, it presumably could be that they do not know the real horrors of war. Although we do not view lightly the strengths and ideals of a country which regards itself as "a morally principled country," we still believe the exercise of American military power should be limited to the preventing of aggression and that it ought to be used strictly as a force for peace.

A plan which calls for armed forces to be sent in to establish a Christanity-oriented Western beachhead in the land of Islamic civilization—with the idea of going to war if necessary—will simply not succeed. We urge America to display its greatness by resolving to stick with perseverance to the peace alternative. "Manifest destiny," the American sense of mission vis-a-vis the outside world does not apply to the Arab world.

Editorial Examines U.S. Arms Buildup in Gulf

OW1311140290 Tokyo THE DAILY YOMIURI in English 12 Nov 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 11 November editorial: "Bush's Buildup"]

[Text] U.S. President George Bush announced additional troops will be sent to reinforce the multinational forces deployed in the Persian Gulf. This would increase the strength of the U.S. forces, currently about 230,000, to as many as 400,000 by early next year.

Explaining the massive buildup at a press conference, Bush said it was to provide the option for offensive

action. He called it a significant signal to Iraq that the United States and its allies are serious.

Some 100 days have passed since Iraq invaded Kuwait. The U.N. Security Council has called on Iraq to withdraw unconditionally from Kuwait, and the world hopes that the economic sanctions will force Iraq to yield. But so far there has been little change in Baghdad's stubborn stand of clinging to its annexation of Kuwait.

Bush sent Secretary of State James Baker to Saudi Arabia, Egypt and U.N. Security Council member countries such as Britain, France and the Soviet Union before he decided on the massive military buildup. The series of consultations showed that important countries have come around to the view that the use of military force could not be ruled out if Iraq continued to refuse to withdraw from Kuwait. Soviet Foreign Minister Eduard Shevardnadze also concurred.

Time Running Out

British Prime Minister Margaret Thatcher told Parliament last Wednesday that if Iraq did not pull its troops out of Kuwait soon, Britain and its allies would drive the Iraqis out by force.

Meantime, Soviet President Mikhail Gorbachev, during a visit to Germany last Friday, hinted that Moscow would not oppose military action if the U.N. Security Council were to consider such an option.

Bush's announcement of a further buildup is calculated to show the unflinching U.S. determination to drive Iraqi forces out of Kuwait. It also seems aimed at forcing Iraq to recognize the impossibility of continuing its occupation of Kuwait.

Secondly, Bush's announcement has indicated a possible timetable for the settlement of the Gulf crisis. He expressed his hope that the international economic sanctions now at work against Iraq would bring about some tangible results within two months' time. By setting a timetable for a peaceful settlement of the crisis by early next year, while refraining from taking military action, Bush has stepped up the pressure on Iraq to pull out of Kuwait.

Teeth Behind Threat

In dealing with an aggressor, diplomacy not backed by strength can never be successful. The U.S.-led multinational force in the Gulf is playing an essential role in the search toward a peaceful solution with Iraq. But continuing deployment on the present scale past next spring would run into a number of problems.

The Bush administration's decision to step up the military pressure against Iraq was a very serious one to take in light of the current situation and the need to roll back the Iraqi aggression. Iraq should be seriously reflecting on the situation which its own aggressive actions have led to. Avoiding an armed clash in the Gulf depends on whether Iraq can accept the U.N. resolutions and withdraw from Kuwait.

We should not waste any more time waiting for the pendulum to swing between peace and war.

JCP Opposes 'Plan' To Use Force Against Iraq

OW0911101590 Tokyo JPS in English 0858 GMT 9 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 9 (JPS)—The Central Committee [CC] of the Japanese Communist Party [JCP] on the evening of November 8 (JST) sent telegrams respectively to U.S. President George Bush, Soviet President and General Secretary of the Communist Party of the Soviet Union Mikhail Gorbachev and the Chinese Government, opposing the reported plan to use force against Iraq in the name of the United Nations.

The telegram sent to the U.S. President says:

"United States Government is reportedly to have drawn up draft UNSC [United Nations Security Council] resolution approving use of force against Iraq and is seeking to get agreement from other Security Council member states through Secretary of State James Baker visiting those countries. It is indisputable that Iraqi invasion and annexation of Kuwait is grave crime and that Iraqi forces should be withdrawn from Kuwait immediately and unconditionally so Kuwaiti sovereignty is restored and all hostages released without delay. Use of military force against Iraq, whether on a U.N. resolution or not, involves danger of poison gas to be used by Iraq and of leading to total war with extensive damage done to oil fields.

"Clearly it will take enormous number of lives and cause immeasurable damage to world economies. The most important task now is to absolutely prevent any military confrontation that will lead to total war and completely implement economic sanctions against Iraq as decided in U.N. resolution but are being implemented insufficiently. Such economic sanctions will make it possible to resolve the problem peacefully.

"From this position the Central Committee of the Japanese Communist Party strongly requests U.S. Government renounce plans to ask for agreement on using force against Iraq in the name of United Nations".

The telegram sent to Soviet President and CPSU General Secretary Gorbachev says that "seriously enough it is reported and predicted that U.S.S.R. will not oppose this draft (U.N.) resolution (drawn up by the U.S. Government)". Expressing the same points in the wire addressed to U.S. President Bush, the wire to Gorbachev says in the concluding part, "from this position JCP CC strongly requests the Soviet Union never to support any U.N. resolution that will approve use of force against Iraq".

The telegram sent to the Chinese Government says, "Seriously enough it is reported that when Chinese Foreign Minister Qian Qichen met with Secretary Baker in Cairo he showed attitude not oppose such draft resolution when it is proposed to UNSC, though he insisted on making efforts at peaceful solution". Expressing the same points in the wire addressed to Bush and Gorbachev, the telegram to the Chinese Government says in the concluding part, "From this position the Central Committee of the Japanese Communist Party strongly requests the PRC Government to do its utmost for peaceful solution, never supporting any resolution that allows use of military force".

Kuwaiti Foreign Minister Discusses Gulf Issue

OW1111162290 Tokyo YOMIURI SHIMBUN in Japanese 11 Nov 90 Morning Edition p 5 —FOR OFFICIAL USE ONLY

[By Hiroaki Namitsu and Saki Ouchi]

[Text] Nasir Mubarak al-Sabah, Kuwaiti minister of state for foreign affairs (and nephew of Shaykh Jabir), has arrived in Japan to attend the emperor's enthronement ceremony. On the evening of 10 November, Mr. Nasir granted an interview to YOMIURI SHIMBUN at a Tokyo hotel and disclosed that a delegation from the Kuwaiti National Assembly would be dispatched to various nations, including Japan, to brief them on the Gulf situation in mid-November.

Moreover, Mr. Nasir hinted that Iraqi troops should be forced to withdraw from Kuwait, even if it is necessary to resort to military force, and said: "We request that international law be persistently observed." He also indicated his opposition to the so-called "linkage doctrine," which attempts to combine the Kuwaiti issue with the withdrawal of Israeli troops from the occupied lands in Palestine.

At first, Mr. Nasir stated: "The shaykh's family, as well as our people, have suffered painfully from Iraq's inconceivable atrocities. Those who have the same family name as the shaykh, al-Sabah, have been treated like criminals." Thus, he complained about the serious situation in Kuwait under Iraq's military occupation.

In this connection, he disclosed a plan in which a delegation composed mainly of former national assemblymen will be organized and dispatched to the United States and the Soviet Union, as well as China and Japan, to explain the current situation in Kuwait.

In respect to the deployment of U.S. and other forces in the Gulf area, Mr. Nasir stated: "It is apparent that international law must be observed. France and the Soviet Union also support this deployment." In replying to the question as to whether or not the crisis could be settled without the use of force, he said: "No matter what the situation is, international law must be applied. It should not be allowed that a certain nation will disappear from the map. It never should be allowed to happen in this free world. We should not be allowed to go back to the stone age." Thus, he also indicated that the military option should not be excluded in forcing Iraqi troops to withdraw.

LDP Factions 'Quiet' After UN Bill Defeat

OW1111130690 Tokyo MAINICHI DAILY NEWS in English 10 Nov 90 p 1—FOR OFFICIAL USE ONLY

[Text] The atmosphere within the LDP [Liberal Democratic Party] is surprisingly quiet after the controversial U.N. Peace Cooperation Bill was formally defeated in the House of Representatives on Thursday. While the bill had been under debate in the Diet, Michio Watanabe, one of the party leaders, demanded that if the bill were not passed in the Lower House, the Kaifu Cabinet should resign en masse or the House be dissolved.

Although the faction led by Shintaro Abe has called for Prime Minister Toshiki Kaifu and the party's executives to take responsibility for the failure of the bill, neither the Watanabe nor the Miyazawa factions, both of which are aiming for power in the post-Kaifu period, voiced open criticism, and both seem prepared to simply watch and wait.

At the same time, both the Komoto and Takeshita factions, both of which support Kaifu, say that the prime minister is not responsible. The differences between the thinking of each faction are thus being displayed afresh.

Takeshita Faction

A leader of the Takeshita faction, referring to the scrapping of the U.N. Peace Cooperation Bill said, "There is no other method apart from this one."

At a meeting of the faction held on Thursday, Kozo Watanabe, secretary-general of the faction, summed up the results of the Diet deliberations thus: "This bill was proposed and discussed because something had to be done for the purpose of serving international justice. The fact that it was discussed in front of the Japanese people is very meaningful."

LDP Secretary-General Ichiro Ozawa, who is a member of the Takeshita faction, played a pivotal role regarding the bill. The Takeshita faction showed the greatest concern about the effect of the failure of the bill on the political situation, and for this reason the faction is relieved that the issue of responsibility has been avoided.

Komoto Faction

Spokesmen for the Komoto faction, the faction to which Kaifu belongs, said that they believe it was "only natural" that the bill should fail to pass through the Lower House. Kaifu originally viewed the overseas dispatch of SDF [Self-Defense Force] forces with extreme caution,

but there was a strong request from the party executive, and no alternative to making the issue of SDF dispatch central to the U.N. bill.

Watanabe Faction

Michio Watanabe, the leader of the Watanabe faction and the man who has been most vocal in his calls for Kaifu's departure, answered a question on the post-Kaifu era put to him with the toned-down response that, "the party executive is working very hard at the moment, so to say something about that now would have a negative effect."

At a general meeting of the faction held the previous day, faction general-secretary Toshio Yamaguchi said, "it was not a contest. Mr. Watanabe did not say anything (even about the prime minister's responsibility for the failed bill)."

Miyazawa Faction

Even during the Diet session, legislators of the Miyazawa faction stated clearly that the faction has no intention of calling for Kaifu's resignation, indicating its calm acceptance of the scrapping of the U.N. Peace Cooperation Bill. One young faction member said that he thought that the bill had not had a chance right from the start, but that "the fact that this kind of issue was discussed by the Diet at all is important. "Now there must be full discussions about what kind of contribution Japan should make to international society," he said.

Abe Faction

The Abe faction held a general meeting at a Tokyo hotel from midday on Thursday. During the meeting, there were calls from newly elected Diet members for Kaifu and the party's chief executive to resign over the bill's failure.

Katsutoshi Matsuoka said, "The prime minister should accept his responsibility, resign and be reprimanded." His sentiments were echoed by seven other participants at the meeting.

The seven were all members first elected in the general election held in February. As well as calling for Kaifu's resignation, one member, Hiro Tanabe, said that he was asked in his constituency how many prime ministers the nation has, a veiled criticism of the behind-the-scenes power of Shin Kanemaru.

Editorial Welcomes Defeat of Cooperation Bill

OW1111104890 Tokyo ASAHI EVENING NEWS in English 10 Nov 90 p 6—FOR OFFICIAL USE ONLY

[Editorial: "Avoid Hasty Deliberations"]

[Text] The 119th extraordinary session of the Diet, which focused on the Middle East crisis and Japan's measures to cope with it, closed for all intents and purposes Nov. 9 with the discarding of the United Nations Peace Cooperation Bill.

While the outcome humiliated the government and the ruling Liberal-Democratic Party (LDP), it must have given a sigh of relief to a large number of people both at home and abroad. We who were opposed to the dispatch of the Self-Defense Forces (SDF) feel that we were able to prevent Japan from heading in the wrong direction.

Some people in the LDP and the press argue that the scrapping of the bill will isolate Japan from the rest of the world. It may draw negative reactions from the U.S. Government and hard-liners in the U.S. Congress, but the opinions of Americans are diverse and their criticism of Japan has changed to some extent. Of greater importance, it was more meaningful that we could keep the trust of Asian countries by doing away with the bill.

The LDP, the Clean Government Party (Komeito) and the Democratic Socialist Party (DSP) exchanged "a memorandum on international peace cooperation" aimed at new measures for Japanese contributions in place of the scrapped bill. We support the spirit of the memorandum that Japan fill its international responsibility by creating an organization detached from the SDF. But in preparing a bill for the new organization, they should not prefer speed to elaboration, and instead should make good use of the experience of the latest Diet session.

We also give high marks to the memorandum because it made clear that the signatories would create cooperation organization separate from the SDF on the basis of the peace-seeking Constitution. The memorandum includes a vague line saying "in relation to U.N. resolutions," but the new bill should make it clear that the organization would not operate as part of the multinational forces.

It is not desirable that the three parties are to proceed without the participation of the No. 1 opposition Japan Socialist Party (JSP) on this issue related to the basic principles of the Constitution and foreign policy. Komeito Secretary-General Yuichi Ichikawa said he will call on the JSP to take part in the talks when the enthronement ceremony is over. We hope that the talks will proceed in that direction.

The LDP excluded the Japan Communist Party (JCP) from the talks on Nov. 8. But this time they should directly ask the party its views. It is better that further discussion of the issue take place in an open way at a regular forum in the Diet.

It seems that there is little difference in the opinions of the opposition parties (except for the JCP) over the new plan for the organization. But in order to reconcile the peace Constitution with the nation's cooperation with U.N. peace-keeping operations, there ought to be deliberation and determination on what the United Nations should be like in the future.

The important thing for the ruling and opposition parties to do in tackling the new issue is first to listen carefully to experts. They should ask for the opinions of experts who have experience working in international organizations like the United Nations about the reality of peacekeeping operations and the fields of activities in which Japan is actually expected to cooperate. Furthermore, they should listen to the views of scholars studying related areas like the Constitution, international law and international relations.

Through discussions on what Japan can do and what the rest of the world expects from Japan, consensus of the Japanese people on the issue will be built naturally. The Diet should not repeat the hasty manner in which it conducted deliberations in the last session. Discussions should begin as soon as possible. But planning to pass the bill at the very start of the regular Diet session scheduled in December is out of the question.

SDF Welcomes Debate on UN Cooperation Bill

OW1111021090 Tokyo THE JAPAN TIMES in English 10 Nov 90 p 2—FOR OFFICIAL USE ONLY

[By Akiko Kusaoi, JAPAN TIMES staff writer: "SDF Debate Called 'Great Step Forward'"]

[Text] Despite the scrapping of the proposed U.N. Peace Cooperation Corps Bill, the Self-Defense Forces [SDF] basically welcomed debate on the controversial law in the current Diet session.

Taizo Terashima, head of the SDF Joint Staff Council, said it was "a great step forward" for the SDF that the issue of national security and the existence of the SDF became a main topic in the Diet. "There issues have never been discussed openly before," he said. However, he added, it was disappointing that the discussions failed to reach a point where lawmakers were able to debate on the role the SDF should play, namely whether it should be sent overseas if necessary.

Most of the questions focused on interpretations of the war-renouncing Constitution and technical problems, which the SDF reportedly believes could have been easily overcome. But SDF officers and enlisted personnel fear the clamorous Diet discussion only served to leave a negative image of the forces.

"Some of the media's emotional coverage equated dispatch of the SDF with war," Terashima said, adding this was partly to blame for hindering the public from engaging in rational debate.

When the Liberal-Democratic Party first disclosed plans to include part of the SDF in the proposed U.N. Peace Cooperation Team in early September, SDF leaders greeted the news with enthusiasm. Engaging in peacekeeping missions abroad is one of the long-cherished hopes of the forces. Leaders of the SDF termed it a "visible contribution to the society."

SDF officers, however, harbored anxiety and in some cases apathy over the expected development of Diet debates from the beginning. Spokesmen for the forces began to express disappointment about the government's handling of the bill, saying it was stripping SDF troops of their status so as to lessen what it called a "military" flavor to the team. They criticized it as a denial of the SDF's existence and something that would damage the forces' pride.

One official said the government would not have the SDF's cooperation because its members would not be obligated to participate in the team if they could not join it as a unit, instead of just "volunteers."

The SDF was most angered by the government's plan to send unarmed troops. Sending such personnel to the Gulf area would mean directing SDF personnel to be targets of Iraqi missiles and helplessly killed, senior officers said. The forces argued that carrying weapons is different from using them.

Irksome Efforts

Throughout the Diet debates, the SDF was irritated by what it perceived to be a government effort to erase the forces' "militant" image from the peace cooperation team though trying to make full use of the forces' equipment and knowhow, sources said. "It was most tragic that the course of negotiations gave the public the impression that the government gradually moved from a pacifist stand to a more militant one," a senior officer said.

Pawn of Politics

"The public must have thought there must be 'more' in the government's plan," he remarked. Many officials feel that the SDF was used again as a tool of politics. However, he does not view it as a waste of time. It became clear that both the LDP and opposition agree Japan must do something other than just provide financial support to help end international crises, including the one in the Gulf, he noted.

Based on the recent debate, the SDF officer is hopeful the question of what Japan can do and should do to help settle international crises will again become a subject of discussion in the near future.

JCP 'View' on Scrapping UN Cooperation Bill

OW0911134690 Tokyo JPS in English 0942 GMT 9 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov 9 (JPS)—Kazuo Shii, secretariat head of the Japanese Communist Party [JCP], issued a "view" entitled "no seed must be left to send the military overseas on the excuse of cooperation with the U.N." This was published at a press conference held on the evening of November 8 in the Diet building, Tokyo. The text of the "view" follows (translation by JPS).

1. "U.N. Peace Cooperation Bill" is scrapped—important victory in the initial stage of the struggle

As the result of the sweeping developments in the people's struggle in the last three weeks since, the "U.N. Peace Cooperation" Bill, was presented in the Diet, this epochal bad bill has now been scrapped. This is an important victory in the initial stages of the struggle to defeat the plot to send the Self-Defense Forces overseas. This result shows how great and powerful the energy of the Japanese people is, and their aspirations for peace coming from their hard experience of the past war of aggression.

Through the discussions in the Diet and by other means, the substance of this extremely dangerous bill has been brought into the light of day.

(1) In spite of their argument that the aim of the law was to "cooperate with the United Nations", the real object of the supposed cooperation was to be with the "multinational force" centered on the U.S. forces. The essence of the law was to cooperate in a war by the U.S. forces, outside U.N. control.

(2) Despite the allegation that it was for "peace cooperation", the "cooperation team" would have been made up mainly of Self-Defense Forces [SDF]. There was no limit set on the arms for equipping the participating SDF units which were to be allowed to transport weapons, ammunition and military personnel. The bill also allowed for on-the-sea supply of materials to the U.S. fleet from Japanese support vessels. This would have been nothing less than a military cooperation law, infringing the Japanese constitution.

(3) The proposed law provided for the prime minister to be authorized to decide himself on the overseas dispatch of the military, without asking the Diet. The SDF members and other public servants would have no right to refuse an order for them to go abroad. This in fact would be a military law resembling the drafting and commandeering of the prewar and war periods.

The true nature of this terrible bill has become widely known. All attempts to revive this evil bill, which has already been flatly rejected by the people, must be renounced without reservation. Accepting their serious responsibility for having presented this anti-constitutional evil bill to the Diet, the Kaifu cabinet should forthwith all resign.

2. No new legislation is needed for peaceful cooperation with a proper U.N. activity within the framework of the Constitution

At present, it is serious that after the "U.N. Peace Cooperation" Bill has been scrapped, the Liberal Democratic Party [LDP] is maneuvering for "ruling and opposition parties consultations" for the enactment of a new law in the name of "cooperation with the U.N.", and among the opposition parties there are various moves in response to the LDP. But these maneuvers for new legislation are nothing less than an attempt to leave a seed which could be developed later into military cooperation and the sending of the SDF overseas, in spite of the people's voices of opposition. The JCP is categorically opposed to these dangerous moves.

(1) First, for Japan to really undertake peaceful cooperation in proper U.N. activity for world peace, within the framework of the Japanese Constitution, there is no need for a new law. This is the first point to be clearly reaffirmed.

On cooperation with the U.N. on the Iraq question, what is required now from Japan is, above all, to make every effort in the political, diplomatic and economic fields for the thorough implementation of the economic sanctions against Iraq based on the decisions of the U.N. never to allow a military conflict which could lead to a major war, and to make every effort for a peaceful solution of the question, especially by plugging the many loopholes in the economic sanctions against Iraq, in particular those by the big powers, so as to make them more effective—this should be the priority contribution for Japan to make to the U.N. The LDP is urging the opposition parties to produce "an alternative plan", because they are opposed to the "U.N. Peace Cooperation" Bill. In this respect, that outlined above is the most reasonable alternative for peace to settle the Iraq question.

An important point is that cooperation for a peaceful solution in line with U.N. decisions needs no new legislation. In the Diet deliberations, JCP Presidium Chairman Tetsuzo Fuwa pointed out some concrete examples of loopholes in the economic sanctions, and questioned the government. Astonished at this, Prime Minister Toshiki Kaifu promised to take steps to plug them, and the reluctant Japanese Government at last informed the relevant U.N. authorities. The stance of the LDP government on this point is passive and inadequate. Nevertheless, this process has proved that whatever steps are needed for thorough international implementation of economic sanctions, can be taken under present laws, and there is no need for new legislation.

(2) In other words, this has shown that the aim of the LDP attempts for new legislation are only to establish a set-up for military cooperation in any form, to pave the way for sending the SDF overseas. Now among the LDP there has emerged the idea of setting up a "U.N. waiting force" for U.N. peace keeping operations (PKO). This has the same dangerous aim of the overseas dispatch of the SDF. This should be called a "detour" to the same objective.

Originally, U.N. PKO is the activity made in the concluding stage of an international dispute or a civil war, for the peace keeping after the conclusion of the dispute, on the condition of an agreement of the countries concerned to accept it. Speaking of the Iraq question, Iraq is ignoring the U.N. resolutions and continuing aggression and annexation of Kuwait. It is clear to everyone that it is not in the stage where U.N. PKO could be introduced. It must be first pointed out that the

attempt to persuade the people by saying that the U.N. peace keeping operation is adaptable to the present situation around Iraq, is a sheer lie to deceive the people.

Among the U.N. PKO, there are such kinds as the peace-keeping force, the military observer group, the truce inspection group and the election observation group. What is serious is that the peace keeping force and the truce inspection group, which are supposed by the LDP as objectives of Japan's participation and cooperation, are both composed of military personnel, and engaged in military activity in the area under disputes. They are frequently exposed to fire under dangerous conditions. Up till the end of June, 1990, 772 members were lost their lives.

The peace keeping force is literally an armed force. It is approved to exercise a certain force to "deter" an armed conflict. Some argue that the activity of a truce inspection group is an unarmed peace activity, and therefore it is no problem for Japan to take part in it. But this is an erroneous argument, shutting the eyes on the fact. A truce inspection group or military observer group is a military organization composed mainly of military personnel, and the aim of which is military activity including to "deter" an armed conflict and to "inspect" truce. In some times, an armed military specialist unit takes part in a military observer group. From the angle of arms, this cannot simply be said unarmed. These teams have engaged in activity in areas under disputes, and have many deaths and injured. For example, the U.N. Truce Supervision Organization in Palestine (UNTSO), the first of such U.N. military inspection groups, had 28 deaths and injured by guns and mines.

The LDP's attempt for Japan's participation and cooperation with these activities is very dangerous.

First of all, this clearly violates Article 9 of the Constitution, which prohibits the state every use of force, war potential and the right of belligerency. In reply to the JCP Diet questioning, the government admitted that the participation of the U.N. peace keeping operation (PKO) whose assigned purpose includes the use of force is unconstitutional, whether it is done by the Self-Defense Forces, a U.N. cooperation team or a U.N. standby force.

Second, it is clear that the breach of Article 9 of the Constitution, if committed in this manner once, would be a big forward step to open the way for dispatch of the SDF overseas. As a matter of course, not only peace keeping force but also a military observer group is consisted of military personnel. If participation in these activities as such should be admitted, it will inevitably serve as a reason for the Liberal Democratic Party to recommend the militarily trained SDF members as the most appropriate staff for such duty. This would be developed into a move calling for more open dispatch of the SDF overseas.

Participation in U.N. PKO should be strictly limited to participation in election observatory group and other exclusively non-military bodies consisted only of civilians. There is no need of a new law for Japanese personnel to take part in these activities. In the 1989 observation group over the Namibian election, 31 Japanese personnel from the central and local governments actually took part.

(3) What is serious is that some opposition parties are obviously acting in de facto agreement with the LDP maneuvers to make a new law on this subject. This is closely related with the fact that some opposition parties with their following calls for setting up a permanent corps have the serious point of convergence with the LDP: the Democratic Socialist Party's call for "peace cooperation team on standby status patterned after those in the 4 Nordic countries", the Komei party's call for "organizing a peace cooperation team different from the SDF", and the Japan Socialist Party's call for "organizing a U.N. peace cooperation team for cease-fire observation". These proposals have become the weaknesses in which the LDP finds to their advantage for their maneuvers to dispatch the SDF overseas for military cooperation, under the cloak of cooperation with the U.N., violating the constitution.

These opposition parties must remember the bitter experience of scrapping the sales tax bill of the Nakasone cabinet by the power of the people's struggle but left the seed of a large indirect tax, by accepting the House of Representatives speaker's mediation on "review of ratio between direct and indirect taxes". The lower house speaker's mediation accepted by all parties except the JCP later resulted in the introduction of the consumption tax. We must not allow these maneuvers to take place again.

The JCP will resoluteiy struggle against all the LDP maneuvers to leave the spark to rekindle the dispatch of the SDF overseas. In this new phase with the rejected "U.N. Peace Cooperation Bill", the JCP appeals strongly for increased public opinion and the development of a nationwide struggle at a greater scale, upholding the banner opposed to any new law leading to dispatch of the SDF overseas, so that no spark should be kept for the future to rekindle the dispatch of the SDF overseas.

3. Independent responses to U.N. activities are needed based on the world peace and the principle of nation's right to self-determination

The argument on the international situation on which the Liberal Democratic Party stands in promoting a new legislation for "U.N. cooperation," is that "the cold war is over. The time has come in which both the U.S. and the Soviet Union are jointly able to maintain peace centering on the U.N. If the Japanese will not sweat blood, and just offer money in such a period of peace and cooperation, then Japan will be isolated in international society." Such a "post-cold war" theory is commonly seen among other opposition parties but for the Japanese Communist Party, in a view in understanding of the international situation.

(1) Although they say that the cold war is over, the military blocs, which are the biggest product of the cold war, have not yet eliminated. The Warsaw Pact led by the Soviet Union is being dissolved, but the North Atlantic Treaty Organization (NATO) led by the U.S., and the Japan-U.S. military alliance are being efficiently intensified. The U.S. now focuses on the "Third World", making use of military alliances spread by the U.S. throughout the world, and as the "gendarme of the world" or the "police of the world," and it is strengthening its posture to promote interference and intervention in other countries.

The plot of sending the SDF abroad being promoted by the Liberal Democratic Party, which meets the U.S. strong demands "sacrifices with blood", and "contribution at the risk of life" from Japan, is nothing else than a making a preparation for the dispatch of the SDF to any war all over the world waged by the U.S., by expanding the sphere of the Japan-U.S. military alliance to a global scale. The LDP is repeatedly expressing its concern over Japan's "isolation in the world", but it is only the U.S. Government that demands Japan send the SDF abroad. This shows the LDP's attitude which regards the U.S. as the everything of the world. On the contrary, the move for Japan's sending the SDF abroad is evoking strong opposition among the Asian countries and other nations, and this shows that it is the LDP that is taking a way which would be isolated in the world.

(2) What is serious is that the existence of the military blocs distorts and restricts original right activities of the U.N. The U.N. was originally aimed at establishing the collective security system, in which the U.N. membership countries cooperatively restrain an aggressor nation, in a world without any military alliances. This stems from a reflection of the historic lesson that the arms race by the confronting military blocs had triggered two world wars in the twentieth century. However, the function of the U.N. has not been fully played enough, since the eastern and west military blocs were formed and the arms race has been continued.

With the change in interational situation since last year, the structure of confrontation between the East and West military blocs was collapsed. But now with the Soviet approach and collaboration with the United States, it has become possible for the U.S. to launch internationai military actions based on its own strategy and expectations, with almost no protests which have been made so far at the level of the permanent members of the Security Council of the United Nations. On the Iraq question, it is reported that the U.S. is now maneuvering a new resolution of the U.N. Security Council to justify in the name of the United Nations the military action by the "multinational force" centering on the U.S. Forces, which are not under the U.N. control. If this will be allowed, it means that the United Nations deviates from the road to peaceful settlement and involve itself in the U.S. dangerous military action.

(3) Therefore, it is not always correct to say that all that the U.N. do are good, and to take part or cooperate in any U.N. actions unconditionally. It is a matter of course that each U.N. member country should independently deal with a U.N. action by judging whether it truly contributes to world peace or not, and, in particular, whether it constitutes defense of the right of nations to self-determination.

As for the U.N. PKO which is now a point at issue in Japan, careful consideration is needed in view of the defense of the right of national self-determination. It is not right to unconditionally support and join the PKO without this independent consideration.

Seeing the past PKO, there were examples which played positive roles in restricting the use of force or keeping peace after the conflict or realizing democratic elections. At the same time, however, the U.N. forces sent to Congo from 1960 to 1964 as the peace keeping force in Congo (present Zaire), the maximum number of which was some 20,000, went beyond the self-defense action and interfered in the internal affairs by using force. This was a big blot on the U.N. PKO.

There may be a case that the United Nations will be moved by the military bloc and big powers, and will commit an error of interfering in the national self-determination. deviating from the original role as the peace keeping organization of the world. Japan's participation in such an action unconditionally means a participation in the interference in other nations in the name of "cooperation with the United Nations". In view of this point, cooperation in PKO should be carefully examined.

(4) In order to really end the cold war and to establish a system of peace centering on the United Nations, it is strongly requested, first of all, to pave the way to the dissolution of military blocs. And in line with this, it is important to strengthen the fundamental U.N. function of collective security. The Japanese Communist Party will make every effort to abrogate the Japan-U.S. military alliance and to aim at a world without any military bloc and a true collective security system based on the spirit of the charter of the United Nations.

Nakasone May Have Linked Palestine With Crisis

OW0911104990 Tokyo MAINICHI DAILY NEWS in English 8 Nov 90 pp 1, 12—FOR OFFICIAL USE ONLY

[By MAINICHI correspondent Takao Yamada]

[Text] Baghdad—Former Prime Minister Yasuhiro Nakasone may have linked a solution in the Persian Gulf crisis with the Palestinian problem in talks with Iraqi leaders to secure the release of Japanese hostages held here.

While it is not known exactly what Nakasone has promised the Iraqis in return for the release of Japanese hostages, it is almost certain that he has agreed that the invasion of Kuwait is linked to the Palestinian problem and that a comprehensive solution to the region's problems must be sought. Such a stance runs contrary to the Japanese government's posture of opposing Iraq since it invaded Kuwait in August.

Nakasone and the group of delegates from the ruling Liberal-Democratic Party (LDP) have spent five days in Iraq in an attempt to negotiate the release of Japanese hostages held here.

Japan considers Iraq's invasion of Kuwait a violation of international law and supports the immediate implementation of United Nations resolutions calling for Iraq's complete withdrawal from Kuwait and the release of the hostages. Japan has also said that the Palestinian issue and other problems that plague the Middle East should be resolved as separate issues.

Prime Minister Toshiki Kaifu clearly rejected the notion that the Middle East's problems are linked when he met with King Husayn of Jordan, a country that is sympathetic to Iraq, in early October. "The Kuwait problem and the Palestinian problem can be solved as separate problems," Kaifu told the king.

But Nakasone seemed to be marching to the beat of a different drummer when he met with Iraqi National Assembly Chairman Saadi Mahdi Salih Monday. At that time, Nakasone said, "It is desirable to resolve the Iraq problem from an international point of view." He then commented that almost nothing has been done about making Israel comply with a U.N. resolution calling for its withdrawal from occupied Palestinian territories. With this Nakasone apparently linked the two issues.

As a matter of course, those close to Nakasone are being careful to keep from seeming to have positions that are contradictory to those of the government.

Referring to a call by French President Mitterrand, one of the leading proponents of linking issues in the Middle East, for an international conference on the Middle East, Koko Sato, head of the LDP mission, said, "We have not even used the phrase 'international conference' in these negotiations."

A Middle East expert on the trip as an advisor said that Nakasone is only speaking his own thoughts. "He is not thinking of getting caught up in the Iraqi pace," the adviso. said.

Nakasone is thought to have expressed the same thoughts at a one-to-one meeting with Iraqi President Saddam Husayn Sunday, but as Kunio Katakura, Japan's ambassador to Iraq was not present during certain parts, details of the meeting have not been made clear.

At a press briefing after the meeting with Saddam, the usually eloquent Nakasone, when asked if Saddam gave any concrete conditions for withdrawal from Kuwait, replied with a terse "no comment." Nakasone's unwillingness to talk seemed to indicate that a substantial give-and-take had taken place during the meeting.

The government is waiting for Nakasone's return to Japan for a full explanation. The content of the Nakasone-Saddam meeting not only will influence government policy toward the Middle East, but also will incite a strong reaction from the United States and Britain, both of which are staunchly opposed to linking issues in the Middle East.

According to a source close to Kaifu, while the prime minister felt the decision to release some of the Japanese hostages should be welcomed, Kaifu said that linking the Palestinian issue with Kuwait, "doesn't make sense. The Palestinian issue should be dealt with after the present Gulf crisis is resolved."

To stave off criticism from Europe and the United States, the government has taken an official stance of non-involvement with Nakasone and the LDP delegation's Middle East visit.

The source said, however, within the government and the LDP, there is considerable concern over whether the government stance has been contradicted. "This delegation has nothing to do with the government, so it will be difficult to deal with any promises made during negotiations to free the hostages," the source said.

Meanwhile, in Tokyo, Chief Cabinet Secretary Misoji Sakamoto denied Wednesday that Japan made a deal with Iraq to secure the release of more Japanese hostages. "America, Britain and the European Community have taken the position that they will not directly negotiate over the hostages, and our government has followed the same basic position," Sakamoto told a regularly scheduled news conference.

He also denied news reports that Nakasone may have linked a solution to the Persian Gulf crisis with progress toward Arab-Israeli peace, in talks with President Saddam Husayn.

The top government spokesman told reporters Nakasone pledged before his departure that he would demand the unconditional release of Japanese and all other hostages.

Nakasone's Understanding of 'Linkage' Criticized

OW0911024990 Tokyo MAINICHI SHIMBUN in Japanese 7 Nov 90 Morning Edition p 2 —FOR OFFICIAL USE ONLY

[Text] A government source close to Prime Minister Kaifu "welcomed" on the evening of 6 November the Iraqi decision to release some Japanese hostages detained in the country. However, while criticizing former Prime Minister Nakasone and the Liberal Democratic Party [LDP] delegation visiting Iraq for indicating their understanding of the "linkage doctorine,"

which advocates combining the Kuwaiti issue with the Palestinian problem, the same source stated: "There is no logic in that idea. The Palestinian issue should be handled after the present Gulf crisis is settled."

On the current LDP mission dispatched to the Middle East, the United States and European nations may criticize Japan for attempting to forestall them. To avoid such criticism, the government maintains its basic position that "the government is not involved in the mission." However, in making these remarks, the source seems to indicate its concern over a controversy in views that exists between the government and the ruling LDP. Regarding this point, the same source expressed his concern, and said: "Although the delegation has nothing to do with the government, the governmment could face difficulties in handling the issue if the delegation made some commitments during its negotiations for the release of hostages."

Mixed Reactions in LDP to Nakasone's Mission

OW0911134190 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Nov 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] Commenting on the return of the Nakasone-led Japanese delegation with a group of freed Japanese hostages from Iraq, Liberal Democratic Party [LDP] (General Secretary Ozawa) said that "the release of the hostages was a major objective of the peace mission, and we are happy."

Bunsei Sato, former posts and telecommunications minister and a close associate of Mr. Nakasone, had laid the groundwork during an earlier visit to Iraq, and therefore it can be said that "the possibility of their release had been anticipated to a degree" (to quote a senior member of the Watanabe faction). With results that surpass the 33 hostages who were released as a result of former UK Prime Minister Heath's efforts, the Watanabe faction [formerly Nakasone faction] looked relieved. On the other hand, however, it is true that there is strong displeasure within the LDP that the former prime minister, who is not a member of the LDP, acted as a de-facto representative of the party. "It was grandstanding," a party member quipped. It is still too early to tell if his performance will lead to the immediate restoration of his party membership.

This mission to Iraq was strange in that Mr. Nakasone went together with an LDP delegation. This was the outcome of a compromise between Mr. Nakasone, who wants to return to the forefront of politics by eliminating the shadow of the Recruit scandal, and the government and the LDP, which want to dodge criticism that "they are not making any efforts to secure the hostages' release." Mr. Nakasone himself had been concerned about reaction within the LDP and took precautions, including making courtesy phone calls to former Deputy Prime Minister Miyazawa and other influential leaders before departing.

All LDP factions in general are in the mood to welcome the results of the mission, saying: "We would have welcomed it even if only one more hostage had been released." Noting that other countries have made efforts to secure the release of their own nationals, a senior member of the Miyazawa faction said: "It is meaningful that a man who does not represent the government brought home hostages and managed to do so within a period that did not allow this to become an international issue." People close to Mr. Nakasone said: "Now that he has returned in triumph, his position should be reevaluated."

On the question of whether the release of the hostages will lead to the restoration of Mr. Nakasone's party membership, there are some lukewarm views among those in factions other than the Watanabe faction. A senior member of the Abe faction, for instance, insisted: "The release of the hostages was made possible by the efforts of the LDP delegation." The members of the Watanabe faction, meanwhile, are making sure that they do not appear overjoyed. A member said: "He should have worked harder to secure the release of U.S. hostages."

Editorial Analyzes New Peacekeeping Proposal

OW1211151490 Tokyo THE DAILY YOMIURI in English 11 Nov 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 10 November editorial: "New U.N. Peace Team"]

[Text] The Liberal Democratic Party [LDP], Komeito and the Democratic Socialist Party [DSP] have begun drafting an alternative to the U.N. Peace Cooperation Bill, which was scrapped in the House of Representatives. The proposal calls for formation of an organization that would cooperate with the United Nations in its peacekeeping operations, but would not include members of the Self-Defense Forces [SDF].

It is natural for Komeito and the DSP to cooperate with the LDP, because Japan's contribution to the United Nations in the post-Cold War era should include human as well as monetary and material resources.

The present international situation is one in which incredible changes are taking place. For example, the termination of Cold War tension between the United States and the Soviet Union, and Iraq's invasion of Kuwait. At this juncture, it is important for Japan to seriously consider its responsibilities as a member of the international community. We strongly hope that the peacekeeping organization being formulated by the parties will be a valuable contribution to the maintenance of world peace and prosperity.

New Perspectives Needed

The extraordinary Diet session, during which the peace cooperation bill was discussed, could have been an

optimal forum for exploring Japan's contributions. But the opposition camp, particularly the Japan Socialist Party, remained mired in the perspectives they nurtured during the Cold War years and consistently opposed the bill. Due chiefly to such reasoning by the opposition, and partly to frequently incoherent responses made by the government's side during the deliberation, the bill eventually was perceived by the public as risky.

Unable to craft clear arguments against the bill, while merely emphasizing the dangers of enacting it, the opposition camp totally failed to come to terms with what is really taking place in this new post-Cold War era.

The structural transformations now taking place internationally and Japan's rise as an economic power were not factored into the formula when the Constitution was written. Thus it seems inevitable that Japan must interpret the Constitution in a new light if the country hopes to effectively contribute to the international society.

A Few Suggestions

We have some suggestions for the LDP, Komeito and DSP members who are drawing up the new peacekeeping proposal.

First, they say they want to create an organization that is separate from the SDF. But in the course of drawing up the U.N. Peace Cooperation Bill, it became clear that the optimum group for carrying out peacekeeping activities is the already well-trained SDF. How do the politicians intend to deal with this problem?

Secondly, they say the organization will cooperate with the peacekeeping operations. But what exactly do they plan to do when asked to participate in a peacekeeping force that expects to use weapons in self-defense? The government argues that the Constitution forbids Japan's participation in peacekeeping forces where weapons are expected to be used. But this argument would exclude participation in U.N. peacekeeping forces which have been awarded the Nobel Peace Prize. Very strange.

And thirdly, what about contributions to the multinational force built up in the Gulf region for the current crisis? If the United States and other members of the multinational force had not responded to the Gulf crisis, it would have become much worse. A decision to shelve any attempt at cooperation with the multinational force would destroy the whole point of an international contribution policy. Please think it over.

Paper Criticizes Kaifu's 'Lack of Leadership'

OW1011123590 Tokyo ASAHI EVENING NEWS in English 9 Nov 90 p 6—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 9 November editorial: "The Peace Cooperation Fiasco"]

[Text] The decision has been made to scrap the U.N. Peace Cooperation Bill which the government had submitted to the Diet. In Diet deliberations that have taken nearly a month at this crucial time, the government has not managed to establish a new policy on contributions to international society. Who assumes the political responsibility for this?

Depending on the urgency of a given situation, the capability of lawmakers to respond is accordingly put to the test. The people virtually agreed on the necessity of "personnel contributions," but Prime Minister Toshiki Kaifu was simply unable to translate this agreement into action.

The primary reason for his government's failure is a lack of leadership on Kaifu's part. On whether it would be advisable to send Self-Defense Forces (SDF) troops, Kaifu did not have any firm conviction of his own.

In the beginning, Kaifu denied the existence of a plan to let SDF troops take part in the proposed U.N. Peace Cooperation Corps. Had he abided by that initial intention, things might perhaps have evolved in a different way.

On the possible involvement of SDF troops, Kaifu tried to explain by playing around with such worlds as "dispatch," "troop dispatch," "participation" and "cooperation." As a matter of fact, however, the bill was designed to make possible their dispatch as "military troops in terms of international law," to quote the words of Shunji Yanai, director-general of the Foreign Ministry's Treaties Bureau.

When the essentials of the whole matter are taken into account, Kaifu's justification that "there have been precedents of cooperation, as was the case with Antarctic observations," sounds far-fetched. Did the prime minister really think the dispatch of troops to the Persian Gulf, where war could break out at the slightest provocation, was the same as an Antarctic expedition?

Many people find the Kaifu administration unreliable. It is only natural that there should be an abrupt surge of public opinion against the bill that reminds many people of the miserable experiences the nation had in the Pacific war.

Another reason is that the bill, formulated by a handful of top officials in the government and the ruling Liberal-Democratic party (LDP), was extremely rough and ready for a government bill on an important policy. In particular, further confusion was added by the attempts of LDP Secretary-General Ichiro Ozawa and other leaders to take advantage of this opportunity in forcibly trying to change the government's interpretations of constitutional clauses with a view to eventually enabling SDF troops to engage in military operations abroad as part of U.N. forces, even under the existing Constitution.

Kaifu continued to describe this plan as being "under study" during the phase in which Diet deliberations on

the bill got under way, but severely censured by the opposition parties and public opinion, he later reverted to the government's conventional interpretations. Those developments gave the impression that top government and LDP leaders underrated the road along which Japan had come as a peace-seeking nation in the post-war years.

Essentially, the current Diet session on the Middle East was summoned to search for realistic measures with which Japan could contribute in the Gulf crisis. A distinct line ought to have been drawn between emergency measures and long-term security policy, and it was really a crude idea on the part of politicians to try to change the nation's basic policy by fishing in troubled waters.

A third reason for the failure was that attempts were made to allow the dispatch of SDF soldiers to cooperate with U.S. forces in the name of cooperation with the United Nations. Cooperation between Japan and the United States is of importance. Washington has strongly called for Japan's cooperation in transport and other sectors. As things now stand, however, it would not be right to send SDF troops to cooperate with U.S. forces deployed in Saudi Arabia.

The government's answers to Diet interpellations were at sixes and sevens and their theoretical contradictions came to the fore. This is because attempts were made to build an excuse for cooperating with U.S. forces deployed to exercise armed force, in spite of the pledge to cooperate with the United Nations and not to exercise military force. Senior Foreign Ministry officials ought to have stuck to the initial policy of not opting for involvement by SDF troops, instead of yielding to pressures from the ruling party and hawkish legislators.

In the successive LDP-led governments, there have been no precedents of so gross a blunder being committed in basic foreign and security policy. Kaifu and other senior leaders of the government and the ruling party must face up to the reality that international faith in Japan is shaken.

* Interviews With Major Opposition Leaders

912B0011A Tokyo ASAHI SHIMBUN in Japanese 5-7 Oct 90—FOR OFFICIAL USE ONLY

[5 Oct 90 p 2]

[Interviewer with T. Doi, chairman Japan Socialist Party [JSP]; interviewer not identified; place and date not given; first paragraph ASAHI SHIMBUN introduction]

[Text] The central topic for the extraordinary session of the Diet, scheduled to be opened on 12 October, is the Japanese handling of the Middle East crisis. In particular, it seems the issue of overseas dispatch of Self-Defense Force (SDF) officials will determine Japan's course for the future as to what basic position will be established amidst world upheaval. The respective opinions of the leaders of the various parties were learned.

JSP Chairman [Doi] Tenaciously Argues for Peaceful Solutions in Fields of UN Cooperation and Public Welfare

[ASAHI SHIMBUN] What are your comments on the Middle East question being considered in the extraordinary session of the Diet?

[Doi] How a new world order will be created with the collapse of the East-West Cold War structure has been brought to question as an issue for all people. The invasion and annexation of Kuwait by Iraq is a reckless act thrust into the gap. The handling of this situation will become a model for resolution of future international disputes. However, the plan of the Kaifu cabinet is unphilosophical and a grandstand play. In addition to pursuing that responsibility in the extraordinary session of the Diet, I would like to clarify the standpoint of the peace constitution and develop a debate on the fulfillment of Japan's international responsibility.

[ASAHI SHIMBUN] What do you think of the United Nations peace cooperation bill scheduled to be introduced by the government?

[Doi] The possibility is very high that it will open the way for overseas dispatch of troops by the SDF and I am opposed. The 1954 Diet resolution clearly denied overseas dispatch of the SDF. For 45 years since the war, the people's zeal for peace has come to support the basic policy of our nation not to dispatch troops overseas. That principle must be kept.

[ASAHI SHIMBUN] There is the argument that the status of SDF officials participating in a UN peace cooperation corps would be considered a "temporary transfer/suspension from duty" and not "dual duty."

[Doi] It would be a "temporary transfer" in the status of SDF officials. "Suspension from duty" has the sense of reinstatement and is the same thing. Rattling on about policies, quibbling that it would be all right if they are divorced from their military status or unarmed, not to speak of "retirement" of the SDF officials, is burying your head in the sand and invites distrust of Japan. The people of many foreign countries, including Asian countries, trust that Japan, reflecting seriously about World War II, will keep its peace Constitution and adhere to the three nonnuclear principles and the principle not exporting weapons. If these policies change, they will not have confidence in Japan's other policies either. I believe that whether or not the cooperation bill is passed will be an important crossroads for the future of Japan.

[ASAHI SHIMBUN] From the JSP perspective, how do you think Japan should handle it?

[Doi] While dispatching a party delegation to the Middle East, on the one hand, I have met with the ambassadors of various Middle Eastern countries in Japan and continued to exchange opinions. I have continued to say that

the government should supply water, food, and medicine to the refugees and aggressively carry out aid cooperation with the Gulf nations and developing countries. We should cooperate more and more in the public welfare aspect, and also carry out economic sanctions. However, so long as the objectives and purpose of money for the multinational force led by the United States is not clear and not based on a UN resolution, it would be unpardonable to expend as much as Y300 billion on military force. It is the spirit of the UN to be prudent in the exercise of military force and intimidation by military force. The position to have a military resolution first is an obstacle to a peaceful resolution.

[ASAHI SHIMBUN] So, what would be the deciding factor in making Iraq withdraw from Kuwait?

[Doi] It would be in continuing to act tenaciously. How to implement a group of UN resolutions against Iraq by peaceful, diplomatic methods? We must continue that effo[illegible].

[ASAHI SHIMBUN] The functions of the UN have been strengthened in the world since the Cold War ended, and how Japan should cooperate in UN forces and UN peace-keeping operations is being brought to question.

[Doi] If a UN force strives to resolve disputes by military force, the UN becomes an immediate party in the dispute. This is not a function inherently sought in the UN. Even if a UN force is established, there is no dispatch obligation for Japan, and it should be handled in accordance with the Constitution. On the other hand, Japan also has had experience in peace-keeping operations such as participation in the Nicaragua election monitoring team. The exercise of military force is not an objective at all here, and the stipulation is made that nations that are not an immediate party to the dispute or have no concerned interests will participate at the request of the recipient country. It is an action having no enemies, so to speak. I approve of Japanese civilians cooperating in this. We should make an effort to realize a peace security fund along with helping to strengthen the UN function in such aspects.

[ASAHI SHIMBUN] It seems the JSP is putting together a counterproposal to the government bill.

[Doi] We believe we would like to submit it in the form of a fundamental principle. The foundation is to carry out thorough cooperation in activities in nonmilitary, public welfare fields for the sake of peace under a UN command based on UN requirements. We can participate as civilians and private citizens and the dispatch of SDF officials will not be permitted in any form. A distinction will be made allowing those who leave the SDF to participate.

[ASAHI SHIMBUN] What do you think is Japan's role in the creation of a new framework for international society?

[Doi] The peace Constitution is the pride of Japan valued by various nations of the world and it should become an important general principle for international society in the future. We want to make aggressive efforts in the holding of an Asian version of the All Europe Security Cooperation Congress and realization of the northeast Asia nuclear-free zone concept. Also, when I met South Korean President No Tae-u recently, he requested "cooperation in creating the atmosphere for voluntary unification of North and South Korea." Recently, LDP and JSP delegations have visited the Democratic People's Republic of Korea and presented a three-party joint proclamation along with the Korean Workers' Party, anticipating that it surely will serve to create an environment for North-South dialogue. I am thinking of visiting South Korea next and promoting such a dialogue.

[6 Oct 90 p 2]

[Interview with Koshiro Ishida, Komeito chairman; interviewer not identified; place and date not given]

[Text] [ASAHI SHIMBUN] What is your basic position in facing the extraordinary session of the Diet?

[Ishida] The invasion of Kuwait by Iraq is a serious challenge to the peace that has occurred following the disappearance of the Cold War structure. We want to debate our role as an international country premised on the standpoint of protection of the Constitution and with the UN as the center. It even can be said that the future framework of Japan's policy on international contributions will be decided by this Diet. It is indeed a "Middle East Diet."

[ASAHI SHIMBUN] Have you decided on a counterproposal to the UN peace cooperation bill?

[Ishida] Yesterday (5th), a "View Concerning UN Peace Cooperation" was decided by the Central Committee. Its core is to have the peace cooperation bill as time-limited legislation and restrict the duty of unarmed SDF officials to refugee relief and nonmilitary fields such as medical treatment, communications, transportation, and construction, so-called "logistics support." Both are plans based on protection of the Constitution which prohibits the exercise of group self-defense power and overseas dispatch of troops.

[ASAHI SHIMBUN] Are you saying that if these are not satisfied, you cannot approve the government bill?

[Ishida] Viewed from the standpoint of protecting the Constitution, these are the very limit. If we say "No good, no good" too much, we cannot help but cause a debate that nothing can be done unless the Constitution is revised. It may be said that we have great apprehension about giving the impression that the SDF itself is substantially a cooperative force, considering international repercussions, and there is a fear of linking it to overseas troop dispatch. So long as these conditions are not satisfied, we will be opposed to the government bill.

[ASAHI SHIMBUN] Why time-limited legislation?

[Ishida] The current situation occurred suddenly and emergency handling is sought. However, the government has included a policy to deal with similar situations that can occur in the future and is trying to implement permanent legislation. These two should be considered separately. In Diet debates up to now, the government itself has denied the dispatch overseas of the SDF as an organization. Considering the weight of 20 to 30 years of debate, the responsibility of politics will be brought into question if it becomes linked to overseas dispatch of troops here in one breath.

[ASAHI SHIMBUN] Apart from time-limited legislation, are you considering permanent legislation?

[Ishida] Yes. It is all right to consider aggressive participation in UN peace-keeping operations. Participation is presumed on the basis of clear arrangements such as an agreement between the UN and the nations concerned and a request from the UN for participation by Japan. In Sweden, there is a "stand-by force" dispatched at the request of the UN. There probably should be debate, including new legislation, as an interim issue.

[ASAHI SHIMBUN] What about the status of SDF officials and carrying small arms?

[Ishida] In reality, the focal point is how to treat SDF officials who have received such training. However, the issue of command authority also appears in "dual duty" where the status of SDF officials remains. Even when dispatched to a cooperative corps, the orders of the top SDF cannot be ignored. There is a fear that orders will become two dimensional. They probably should resign from the SDF in order to participate in a peace cooperation corps. In essence, they should always be under the command of the government. The participation of the SDF itself is doubtful under the Constitution and there has been apprehension from China, Southeast Asia and various other foreign countries. There is no reason why we must venture to enforce it. The carrying of small arms is not permitted.

[ASAHI SHIMBUN] What is your view of the handling by the Kaifu cabinet so far?

[Ishida] As seen in the increases after the initial $1 billion, they are being outmaneuvered and one cannot escape the impression that they give what the U.S. says. The method is clumsy. It is indeed an unexpected situation, one not experienced before. For that very reason though, the concept should be made clear to the people and to foreign countries what the contribution that Japan should make is, and it has not been done. The fact that the contents of the peace cooperation bill are not clear even now indicates that there is a problem in the prime minister's leadership. He talked with the deputy prime minister of Iraq about the issues of humaneness, and though he had the obligation to open the Diet earlier and present accurate information about the current situation and the government handling of it, he has not adequately fulfilled that responsibility.

[ASAHI SHIMBUN] How should Japan contribute as the Cold War structure is beginning to fold even in Asia with things such as the move toward normalization of Japanese-North Korean relations?

[Ishida] President No Tae-u of South Korea has advocated a 6-nation conference comprised of the United States, Soviet Union, Japan, China, South Korea, and North Korea, in order to promote peaceful unification of the North and South. Since abrupt realization of unification is probably difficult, how about the establishment of something like a six-nation peace conference to promote it at the legislator level? I am thinking of making a proposal while talking with prominent people in South Korea and China, and coordinating it domestically also.

[7 Oct 90 p 2]

[Interview with T. Fuwa, chairman of the Presidium of the Central Committee of the Communist Party; interviewer not identified; place and date not given]

[Text] [ASAHI SHIMBUN] What is your position on the extraordinary session of the Diet?

[Fuwa] Inherently, it is proper for the government to have a debate in the Diet before deciding on how Japan should handle matters. However, the government and the LDP are proceeding as though it is an accomplished fact without the Diet. It is a big issue. If the government's plans to make this a Diet for creating new legislation to open the way for overseas dispatch of the SDF are carried out, it will be a critical juncture for the course of Japan.

[ASAHI SHIMBUN] So, what will you advocate in the Diet?

[Fuwa] First of all, that this problem should by all means be resolved at the economic sanctions level. If it comes to a military clash, that in itself will become a big upheaval. This is the first time since World War II that annexation of a foreign country has been conducted openly by invasion of a military force and if this is permitted, the world democratic order and rights of people to self-determination will collapse. We must avoid the worst situation, evoking such international opinion and exhausting economic sanctions. Secondly, I would like to stress that Japan's cooperation in a multinational force led by the United States under the name of "UN cooperation" is very dangerous. In a multinational force, the United States will have command authority and it will be a military force in which the United States can do anything it has a mind to. It should clearly be separated from UN sanction measures which are based on procedures of the UN Charter. Thirdly, Japan should limit itself to cooperation in nonmilitary fields. In this regard, we should cooperate in a manner "worthy of Japan," such as a larger scale response on refugee aid and

assistance to neighboring countries who are harmed by the economic sanctions on Iraq.

[ASAHI SHIMBUN] The government's UN peace cooperation bill is becoming solidified.

[Fuwa] The central point of the bill is cooperation with a multinational force and we are opposed. A new law would not be needed if UN cooperation were limited to nonmilitary fields. Although the spirit behind the establishment of the United Nations was reflecting on the fact that the confrontation of military alliances had given birth to the recent great war, solutions in the form of military alliances always have raised their head whenever trouble has occurred since the war. As the result of U.S-Soviet rapprochement and the feeling that there is no longer a Soviet threat, the United States has moved toward establishment of "a world military police" as the basis for a military alliance. Iraq truly has been made the proving ground for that. The framework of the U.S.-Japan alliance, which is shaped by a limitation to defend Japan, will disappear if Japan also sends the SDF and will end up creating legitimate overall cooperation in U.S. military strategy on a global scale in the future.

[ASAHI SHIMBUN] There has been extensive debate surrounding the status of SDF officials.

[Fuwa] Any pretext probably will be devised to force overseas dispatch of the SDF. If they are sent as members of the SDF, unit organization will be possible and they also can carry weapons. The intention is to open up the way as wide as possible and pave it for dispatch of troops overseas.

[ASAHI SHIMBUN] If the Cold War structure collapses and UN functions are strengthened, Japan will have to think about dealing with UN forces and UN peacekeeping operations (PKO).

[Fuwa] The UN thoroughly respects people's right to self-determination, which is the foundation of international democratic order and interference by large nations should be prohibited. The PKO are important operations created based on past wisdom. In cooperating, first of all, there is a responsibility to look at the situation from the standpoint of Japan and not mettle in every dispute. That is because UN decisions are not always correct. Secondly, acting under Article 9 of the Constitution, we are not accustomed to activities such as monitoring ceasefires or acting to separate military forces. We should participate within a nonmilitary scope such as monitoring of elections. Japan joined the United Nations with the express understanding that Article 9 exists, and it is not necessary to feel humiliated by being limited to cooperation in nonmilitary fields.

[ASAHI SHIMBUN] This session of the Diet will bring into question an understanding of the times that have shaken the world, such as German unification and the Korean peninsula situation.

[Fuwa] We not only will be welcoming a new trend, but it will be necessary to curb problem points sharply, and see danger for what it is. German unification is a great advance for the self-determination of peoples, but Chancellor Kohl has proclaimed a revision to the constitution so that German forces can go outside NATO territory. In the same vein, Japan is trying to embark on military action overseas and we should heed the fact that world opinion is very apprehensive. On the Korean peninsula, South Korea carries "the one and only legal government" as its banner, and North Korea adheres to the standpoint that "we are the legitimate representative of the people." Both are wrong. Japan must stand on the premise that the Korean people should achieve democratic and peaceful unification and we must begin by first entering into diplomatic relations with both sides.

* Industrial Leaders Discuss Major Changes

912B0024A Tokyo SHUKAN YOMIURI in Japanese 30 Sep 90 pp 34-41—FOR OFFICIAL USE ONLY

[Dialogue between former Nikkeiren Chairman Eiji Suzuki and Chichibu Cement Co. President Masashi Moroi]

[Excerpts] Moroi: It is symbolic in a certain sense that the first "dividend of peace" has been the invasion of Kuwait by Iraq. During the Cold War structure, conflicts were settled in a form that would not cause that structure to crumble. With the relaxation of tension, inherent racial and religious issues are erupting, one after the other. The first blast has occurred while the international rules of the new age are unclear.

Suzuki: This conflict is not a simple local war. I believe it is a cultural sphere issue. As the United States and Soviet Union join hands, it is growing into a large Christian bloc which includes Western Europe. At the same time, problems with the Islam bloc which opposes it have appeared. Both are monotheistic religions. There is the problem of intolerance. Huge intolerances are confronting each other. Japan is caught in the middle....

Moroi: That is because we are polytheistic. (laughs)

Suzuki: That is right. Therefore, there is tolerance for both. There is flexibility. While it will take time, obtaining a consensus among the Arabs will bring peace. Japan should mediate as an agent of reconciliation to bring that about. That is, within the UN framework.

If solution to the Husayn problem as a result of the conflict proceeds according to American hands and not the United Nations, it will not be a good policy, viewed over the long run. Looking at the history of the crusades, there was war for about 200 years. We must not let that happen.

Moroi: This time, Japan can contribute to the creation of UN rules.

Suzuki: If a UN force is sent to a neutral zone as a policy to resolve the issue, however, Japan cannot participate in it.

Moroi: Nor can we speak about it.

Suzuki: That is right. We should say as little as possible, even if questioned by public opinion. It can't help but become negative if we think that the understanding of other countries can be obtained just by giving money.

Moroi: When Japan's role becomes a problem like this, the government and administration should proceed by making timely and appropriate decisions, and appeal to the people for understanding. Important issues are appearing one right after the other. Will the government and administration be able to deal with them?

Suzuki: Politicians have not come forward with brave speeches either, out of consideration for vested interests or the next election.

Feeling That It Is Possible With Unicameral System

Moroi: What do you think of the direction the Election System Council now is taking such as revision of the medium-size electoral district system and public funding for political campaigns?

Suzuki: It is a good direction, but it doesn't touch upon the method of electing candidates. Organizational and personnel issues are not being questioned. Considering the Political Party Act, there is not just the problem of political funding. The method of selecting candidates also is a problem. As it is now, the selection process chooses 70 percent of those with vested interests, 40 percent of those who have inherited candidacies and 30 percent of the former government officials. Something should be done about that.

Moroi: Then there is a problem with the House of Representatives and House of Councillors. There are various opinions. While there are some people who say the House of Councillors is not needed, but others say that since it exists, it should be a check of the abrupt moves of the other.

Suzuki: Sometimes there is a feeling that it can be done with a unicameral system.

Moroi: Doesn't that mean that you are saying a unicameral system is absolutely the best?

Suzuki: No.

Moroi: If it remains a bicameral system, however, what happens if different conclusions are made in the House of Representatives and House of Councillors? I am thinking of a two-house conference system where if opinions are split in the House of Representatives and House of Councillors, the Diet members of both get together and come to some agreement. It is a strange view. A resolution is reached from both houses.

However, what about the administration?

Suzuki: They say there is separation of the three powers but as you know, Diet *zoku* members exercise great influence and they all administer although they are legislative officers. If that is not corrected, the collusion of the financial and political worlds will continue.

Moroi: The present situation is that business contributes the major political funds. Politics is financed by them Then the administrative branch gives support to business. At worst, it is a collusion. At best, it is a trinity that has revived industry very efficiently. If business did not contribute money and it public funds were used for political campaigns, politics, administration, and business would....

Suzuki: Therefore, it has to be purely the money of individuals.

Moroi: From the standpoint of business, requests and demands are made through the pipeline to government and the administration. We probably must be prepared to intercede and do it independently.

Suzuki: Campaigns divorced from money probably are also possible.

Moroi: That would be good. Because the financial world also has views about politics, it is a natural part of public opinion.

Suzuki: Make assertions as assertions and cut off the money.

Moroi: During the period of time up to the high growth era, business was proficient in support of government and administration. However, now Japanese business has become global. It is no longer just Japanese business.

The target of administrative agencies so far has been to make industry prosper or, in other words, to make business strong and by that make the nation wealthy. In the future, the target will be changing. Sometimes business must be regulated such as with consumer issues, land issues and welfare.

Concern About Morale of Young Bureaucrats

Moroi: Speaking of administration, I am a little bit concerned about the morale of young bureaucrats.

People who are very capable and are good prospects for top executive positions in a ministry are retiring from government service at a young age. Listening to a group of elite bureaucrats who are about 30, they express little optimism for their future.

Suzuki: If where to go after retirement from government services has become a problem for people in the central government agencies, called the most elite in Japan, I feel sad.

Moroi: The young elite bureaucrats have begun to think of doing consulting on their own.

The wife of a young bureaucrat told him, "We will build a house close to my parent's home (in the country) and I will move there with the children. You can commute by the Bullet Train. I will bring up the children. If we do that, we will be able to buy a house and also plan for our old age." He could not suggest an alternative. It is the same for all white collar workers, but it is a serious problem for husbands.

Suzuki: I believe that you cannot begin talking about wealth or comfort and neglect such things.

Moroi: For example, the same problem probably exists with the public corporations.

That is because even if you retire high-ranking bureaucrats in their early fifties, there are still active years of life left.

If public corporations disappear, we probably need to think about methods for establishing an alternative retirement plan for bureaucrats.

Suzuki: How to give relief to high-ranking bureaucrats who are leaving, one after the other, at the age of 54 or 55 is a problem, but that is the responsibility of each ministry.

Moroi: By all means, cushions (landing places for golden parachutes) are necessary here and there.

Suzuki: That's true. They are, by all means, necessary. However, if this is the policy we probably are looking to secure cushions for personnel from each ministry.

Moroi: If there are cushions in business, there will be concern about the future when officials are trying to carry out policy and their decisions will be affected. I believe that we must make consideration of their plans for the future a concern of business and the administration also.

Moroi: It is a big problem even in business. The contradiction between the efficiency of society overall and the efficiency of individual companies is evident. For example, the way of doing things that seems just-in-time certainly raises efficiency to the limit, but on the flip side, subcontractors work with devoted service on Saturday and Sunday, far from a two-days-off-a-week system. The trucks wait a long time on the road to bring in items to the plant right on time, and when the time comes, they rush in.

The truck drivers in such a system are very overworked, and fill up the highways, becoming an obstruction to traffic.

It is the same with the land issue. It cannot be said that business is not responsible. The transfer or enclosure of land, even a small amount, is the result of business activities and the cost of land goes up. Everyone says that ultimately there are land implications in business.

Then, light, handy, and cheap food containers appear and appeal to consumers. However, final disposal of those containers is by no means possible. Nor can they be burned. Ultimately, they float lightly toward the South Pole. Why on earth create such things? Not just containers, but recently even autos are being abandoned.

Suzuki: Thinking of cost is very difficult. Is it easier to think that if business is not directly responsible it is not a cost? For example, there is the scrapping of autos. Scrapped autos are piling up in every scenic spot. That is pollution. We must include the cost of removal in calculating the cost of auto production.

Moroi: The current situation is that ultimately the local autonomous bodies are responsible for auto disposal. Problems such as CO_2 have become a very difficult problem for my cement industry.

Suzuki: It is said that those who give off CO_2 bear some responsibility internationally, and are turning to pollution countermeasures. When it comes to environmental issues thus far, I believe that it is not simply direct cost, but cost for the future and costs other than business such as disposal at public expense and how far the obligations of each business goes naturally becomes an issue.

Moroi: Up to now, business has competed, raised efficiency, made profits, and again raised efficiency with those profits. This has been good but when several problems arise such as the ones you now mentioned, competition in business efficiency does not always become a plus for society. Low cost that ignores social issues is not really low cost. I believe that we are coming to an important turning point in business operations.

I believe that it is not just Japan, but I think that it is a problem in so far as Japan in particular raises efficiency and competes fiercely.

Suzuki: Isn't it Japan's place more or less to become "the first to speak out" about these problems and act on them? Even if costs rise some as a result, Japan should be able to bear the obligation since it is tops in efficiency.

Formerly, when pollution countermeasures were said to flourish, I thought that business would collapse if they did these things, but as the result of effort and wisdom, it can definitely pay off if they do them.

Moroi: Development of technology also has been at work there.

Suzuki: In the eyes of the world, it has become the standard to judge business by how much social consciousness it has, and the extent to which it acts on it. I believe the time has come when this is a priority, regardless if at home or abroad.

This issue is not to slander business, but now that the idea that "we should think about it soon" is being demanded not of individual businesses but of the industry as a whole, I believe it would be best to have something like an ombudsman.

Moroi: If one business alone is accused of bad actions and must stop, it will lose in business competition and end up in bankruptcy. It is difficult.

Suzuki: There is no such thing now as an ombudsman for the issue of waste disposal.

Moroi: Actually, there is only administrative guidance by government agencies and I think it is pitiful, but we have not come to the point of discussion within the industry on what to do.

Suzuki: When individuals speak out, they become smart alecks but if industrial groups look at the future and speak from the standpoint of an industry ombudsman, the listeners will think about it and it will be easy for the speakers to be more open.

Moroi: Since the financial groups are above the industrial group, it is necessary for them to accept this concept.

Suzuki: We are building waste disposal facilities in various areas with the assistance of managerial groups. In the future, the industrial group also must look ahead and wave the flag.

Devise Regional Decentralization of Business

Moroi: Related to the problem of living standards of white collar workers, the land problem has become serious. What do you think?

Suzuki: In times like the present, it is important to turn over land that currently is idle. There probably are various methods such as a land holdings tax but at any rate, we should first decide to have the land given up.

Moroi: If such a land turnover because of a holdings tax is bought by business which has the ability to retain it, it will be another transfer and nothing will happen.

Suzuki: Therefore, detailed measures are necessary.

Moroi: I believe the regional decentralization of business is fundamental. Then, in the future, the city plans must be made clear. That is because the population of regional cities will increase. Without it, regional land costs are rising considerably. A tsubo [3.954 sq. yds.] even in the country will rise from Y300,000 to Y500,000.

We will be in trouble if the Tokyo problem merely spreads throughout the nation.

Suzuki: If this Y430 trillion public works investment is bungled....

Moroi: That is because land will rise even further with site acquisition.

However, businesses are centralizing in Tokyo and moving headquarters from Osaka to Tokyo. Business itself must plan more boldly for decentralization and not simply branch out with plants.

Suzuki: That is because the communications network and transportation network are considered to be strong and government will respond if there are more allegations that that is not enough.

Moroi: If it is the current information network.

Suzuki: That's right. If a demand is made to NTT, the present NTT will not listen to such demands.

Moroi: I believe that making NTT long distance fees cheaper is a major point in multipolar decentralization nationwide.

The infrastructure is not ready to move people into the country, there are problems with the information networks, of course, and transportation agencies, and then medical, education, and cultural development and also university research centers.

Even though living expenses are cheap, and there are many other advantages, the air is good, the scenery is beautiful, and the weather is warm, special provisions must quickly be made to move people out into the regions.

Suzuki: I believe that business and regions must exchange various kinds of information such as possible future locations. I believe that if industrial circles and local autonomous bodies acted a little more organically, regional development would progress further.

Moroi: It is convenient for business to centralize in Tokyo, but many minuses appear for employees and society as a whole as a result. It is necessary for business to be brave and regionally decentralize, even if there are some minuses in the aspect of efficiency, and then the tax system should be made so that it encourages movement in that direction.

Suzuki: Therefore, the tax system also must have many eyes.

Suzuki: In Nikkeiren's awareness survey targeted toward young students, there is the question, "Do you feel like going to a small- or medium-size business?" The result was that 70 percent would go, saying "If I were employed well," "If I could exercise ingenuity," and "If my livelihood were guaranteed to a certain extent." The results are opposite to the reality of the hiring difficulties of small- and medium-size businesses.

However, this should not be taken as business efforts being insufficient or lacking appeal. It should be viewed as a strong desire among young people today for self-fulfillment. Youth today have a considerable consciousness that they want to do what they want to do even if there is some risk.

Moroi: However, business should not take advantage of this willingness to take risks. But if business provides the right environment youth will give all their effort.

Suzuki: There was a time when somehow you worked industriously without coming late or being sick, but everyone knows that this is not so today. If what you want to do is be a technician, for example, you must continue studying in research and development. That is expected for business and for the person in question, it is worth doing.

Moroi: That is happening more and more. Since the level of various jobs is rising, you must not just study in school, but continue lifelong study even after you enter the company.

Company work in the future probably will require high levels of technical knowledge, intellect and also commonsense.

That work which previously has been very difficult has now been automated. So, it is important for the employee to develop a specialized knowledge.

Suzuki: In the future the work you do for a lifetime should be work that will provide self-fulfillment and untiring effort is needed for that. You select and enter a company with that fully in mind.

Moroi: But, the problem there is that companies up to now have cultivated generalists and not specialists, and chosen the person to become president from among them. Therefore, it is also the goal of staff to become a generalist. [passage omitted]

In the case of a hospital, doctors in internal medicine and surgery, and the head nurse get together to consider how best to treat a patient. Similarly, if a problem appears in a company, isn't it managed such that a task force or specialist group gets together to consider various responses?

Then, a leader of the task force naturally is necessary. That group becomes the company's top leadership.

Suzuki: Generalists probably are not needed so much. It is the specialist who will be able to have self-fulfillment.

Moroi: Up to now, we have been separated in sections such as personnel, labor, sales, and production and trained within each section. Eventually, the superior ones abandon that specialty and move, as a generalist, to the top. Youth have competed for success aiming to be a generalist. But, in the future they must work hard at a specialty.... Added to that, what will happen to the middle management positions up to now?

Greatest Bottleneck Is "Company Man"

Suzuki: The section chief position disappeared in our company (Mitsubishi Chemical Industries) four or five years ago. Personnel is important even now, but in the future it will become important in a newer aspect.

Moroi: I believe there will be a point where a new system of management or an improvement in the present system will be necessary.

Suzuki: Personnel originally was an internal department. If changes are poorly handled, they are likely to stress only existing conservative rules.

Fully understanding the direction the company is going, or in other words, the CI [corporate identity], what functions correspond to that, and what kind of people match those functions probably is important.

Moroi: What is the best way to hire these people, train them, and have them work hard all their life?

Suzuki: Aside from the generalities, how specifically would you do it? It cannot be handled by simply considering only changes in values.

Moroi: Students immediately gravitate if the good side of business is evident, and applicants suddenly go down if the bad side appears. Indeed, that has become an acute situation.

Suzuki: There is change toward the prospective company.

Moroi: Even if you skillfully publicize with CI, they will soon flee if it is not accompanied by substance.

Suzuki: Business must no longer continue in its set ways. How does it change and surmount these problems? Isn't the greatest bottleneck the company men who suddenly become burned out. Recently, I said that I was reflecting on having been a company man for 40 years up to now, but that is a mild comparison, it has been more like doing family service. (laughs)

Moroi: You even have gone to flower exhibitions with your family. (laughs)

Now there is the worker shortage problem and, on the other hand, an employee still must put in long hours. They return home every day at 10 or 12 o'clock at night and with receptions on Saturdays and Sundays, there almost is no time at home. Literally, they work 24 hours for the company.

Up to now, everyone has been poor in Japan and the trend has always been that working hard is good, but having come so far, there is the reflection that perhaps it has been a little overdone.

Having a Plan for a Better Life

Suzuki: After all, we must value the family.

What is money if we return home tired from driving?

The government, at one time, put efforts into the development of various kinds of leisure. However, setting out for the country to play golf or ski and returning to the city may be enjoyable at times, but I wonder if that is really wealth?

I served for 10 years as the Japanese chairman of the Czechoslovakia Economic Committee. That country seems poor, but actually it is wealthy. In the capital of

Prague, there is overcrowding but to compensate, on Saturdays and Sundays, they spend time in villas because there is so much land outside of Prague.

They do not go there to play golf. They cultivate potatoes and grapes or raise flowers, communing with the land, with the family. Though called villas, they are shacks which they have built themselves. It is not just in Czechoslovakia. There are shacks here and there in scenic places along the Danube River in Hungary. These too are second homes. Here too they commune with nature like the Czechoslovaks.

In the last analysis, in today's Japan, we only use facilities built by others. Beyond Chichibu in Saitama and Sagami Lake in Kanagawa, there is much vacant land.

Moroi: Even if there are no villa areas or leisure areas, there is a lot of spare land where one can commune with nature and become refreshed.

Suzuki: The point is what we consider doing in our spare time. Isn't the concept that golf, skiing and driving are leisure too rigid?

We would need a little assistance from the government to build a villa; we would need companies willing to provide flex time on Friday afternoons, and tell people who want to take off to a villa to please go.

Moroi: In any case, bureaucrats and white collar workers must consider planning for a brighter lifestyle.

Suzuki: Yes, it is necessary to plan for a brighter life.

* Yamaguchi's Views on Kaifu's Leadership

912B0029A Tokyo SHUKAN ASAHI in Japanese
28 Sep 90 pp 24-27—FOR OFFICIAL USE ONLY

[Interview with Toshio Yamaguchi, LDP "Neo-New Leader" by Emiko Fukabori; place and date not given]

[Text] Fukabori: How do you rate the administration's handling of the Iraq affair?

Yamaguchi: When examining Japan's handling of this Middle Eastern dispute, we find that not only has there been an insufficient explanation of Prime Minister Kaifu's fundamental ideas regarding this question to the nation, but even to us dietmen, his colleagues. This is something that I feel is quite mysterious.

Since the Bush-Gorbachev talks in Malta, the world has taken great strides toward disarmament. A great hope was born of the possibility of elimination of not only conventional weaponry but of the devilish nuclear weapons as well from the face of the earth. Then, Iraq's Husayn forcibly invaded another country. He has hijacked the world and is threatening to blow himself up. We cannot simply run away. We must thrust before him our determination not to abandon world peace. If I were prime minister, I would appeal to the [Japanese] people for cooperation in showing our determination to eliminate international aggression and violence, even if it would mean the sacrifice of some of our economic prosperity.

The beginning of Prime Minister Kaifu's foot dragging and mismanagement with regards to the current Middle East crisis was in his not going ahead with his planned visit to Egypt and Saudi Arabia. It is natural that since Japan certainly is not about to deploy jet fighters and warships, it can only attempt to obtain a peaceful settlement from consultation. The most crucial weapon for that purpose is information. Information can be obtained by means of each nation's diplomats and military people, and the prime minister, with his 30-year career as a politician must let the world know of the importance of that information and of his ability to shrewdly analyze information that he receives. Even though that is where he should have staked his political life, he missed that golden opportunity.

Fukabori: What do you think about Japan's contribution measures?

Yamaguchi: The prime minister should have gone ahead and visited the Middle East according to schedule, and then made the rounds in Europe, all the while keeping in touch with President Bush by phone, exchanging information with Prime Minister Thatcher and President Mitterrand, then holding a press conference somewhere, such as London, and announcing Japan's assistance measures from the standpoint of international morality, consisting of about $2 billion in aid in addition to medical aid and provisions. If the prime minister had been a person capable of thinking of such an initiative, Japan would not have been criticized and found fault with by the United States Congress and the other Western nations. And Japan would not have ended up giving $4 billion in financial assistance the way we did by adding on a billion and then another billion to the initial amount. Before the mid-term elections the U.S. Congress says pretty much whatever it pleases, and if Japan acts according to their demands, our foreign policy and economics will really get messed up. Japan must comply with what it should comply with and, to the United States and the rest of the world, we must not fail to say what we should say.

Fukabori: The government has introduced a UN Peaceful Cooperation law in which it is considering the idea of sending an unarmed Self-Defense Force overseas. What are your thoughts on that?

Yamaguchi: Whether it be Japanese airlines or private shipping companies, such services contribute to society through the conduct of their usual business. In times of emergency, why should they have to dare to undertake a role that involves danger? I think that making a private doctor go against his will would be a questionable action.

While any kind of military action is nonsense, I do think that cooperation with the United Nations, including the deployment of an unarmed Self-Defense Force to deal

with problems of international morality and humanitarian questions is inevitable. I am also in favor, from a standpoint of protecting peace based on international harmony, of proceeding with legal reforms allowing for UN assistance.

Fukabori: I would like to ask you about a pending question in Japanese-Soviet relations, namely, about an approximate date for the return of the four northern islands.

Yamaguchi: In April of next year, during Gorbachev's visit to Japan, there will definitely be some sort of message issued concerning the territorial question.

Prime Minister Kaifu will be weak, but new leaders such as Mr. Abe or Mr. Watanabe and others will cooperate. Also there will be the support of LDP party executives under Secretary General Ozawa, so I think this problem will be neatly solved under the Kaifu administration. Until recently I had been thinking that to have Mr. Kaifu quietly step down from his post in October of next year would be the best thing for Japan's political situation.

Fukabori: By October of next year, his term will be up and it will be time for a leadership change, won't it?

Yamaguchi: That is true. But to return to the Iraqi problem, when I consider the prime minister's handling of the situation, it really makes me think. I had thought that since his national approval rating was high that it would be no problem for him to be prime minister, but now with Japan's being led around by the nose and threatened the way it is, all that Japan has built up economically and politically over the years may be lost during the Kaifu administration. The next administration after Mr. Kaifu will be forced to bear a heavy burden. The nation may have to suffer in the future from excise taxes even higher than the current one. The time for the LDP to think seriously has finally come. The people of Japan should also not judge only according to their mood, but it is necessary that they carefully consider how the responsibilities of the prime minister affect the country and the lifestyle of the people.

Fukabori: Even so, Mr. Kanemaru has stated that "if the people so desire, Kaifu could remain in power for 10 years or even 20 years...."

Yamaguchi: Sometimes I am struck by what an unexpected old fox Mr. Kaifu is. For example, even if we are asked to be premier, we get very embarrassed and can only say "Oh, I can't." I am unable to do it because I'm too aware of my limitations in terms of experience, ability, and skill. As to whether Mr. Kaifu or I have the most ability, I would say that there is not that much difference between us. However, in terms of how he conducts himself as prime minister in such a commanding manner, I am awed by his nerve. I often think that this guy is a pro and I'm just an amateur and recently, I have begun to have some doubts about my suitability as a politician. (laughter) However, Mr. Kaifu is not capable of remaining in power over a long period. If one takes Mr. Kanemaru's lip service at face value, it could be cause for concern for Mr. Kaifu's sake as well.

Fukabori: You say that two years at the most is the limit. Why do you feel that way?

Yamaguchi: All the information of the world and of Japan is first collected by the prime minister. Thereupon, all judgements about the direction that Japan will take on every single problem must be made, and that is an extremely awesome responsibility and it can overwhelm an inexperienced person. For a person like Mr. Nakasone, who for 35 years prepared himself by making copious notes on what he would do if he ever became prime minister, it is not unusual that he could stand the pressure for four or five years. But Mr. Kaifu, who was not mentally prepared, suddenly found himself prime minister. The prime minister's official residence is not the place for on the job training, and if one has to be prime minister while studying from day to day, Japan will be in trouble in the future.

Fukabori: By the way, there is a story circulating in some parts that you won't shave your mustache until the end of the Kaifu administration....

Yamaguchi: One time while I was in Washington, a person close to Bush praised Mr. Kaifu, saying: "Prime Minister Kaifu is one of the most notable Japanese prime ministers since Mr. Yoshida." Although I knew this person was trying his best, his praise was a bit exaggerated. For some reason I began to feel rather empty. Then I got the idea that I would just let my beard grow out, rather in the style of a bored Hatamoto soldier, and maybe stray from the pack for two or three years. Then, before I knew it, I ended up in the political position of declaring that I would not shave it until the end of the Kaifu administration. If I shave it now while support for the administration is high, it would appear that I crumbled under pressure from public opinion. To tell the truth, having a beard is a lot of trouble. It gets itchy. But for now, I'll keep it. December of next year will mark my 25th year as a dietman, so now I've decided to cut it on the day of my 25th year. Besides, it would be a bit impolite to shave it off right after Mr. Kaifu steps down. (laughter)

Fukabori: In that case, you might be thought to be getting ready to take a stab at what you have been aiming for.

Yamaguchi: Until now, only those who should become prime minister made it into that position after aiming for it. They were people who worked hard and studied hard to achieve that goal. Recently there have been people who have become prime minister by a fluke. What is worse is that it has produced the result that anyone can become prime minister. A politician's striving to become prime minister itself, in this agitated age, has come to be viewed as seeming undignified and rather childish.

Fukabori: You mean that the ambition of becoming one country's premier has come to be regarded as puny?

Yamaguchi: Not so much puny as that if you think that way you won't be able to do really important work. If you are able to get into the position where you can promote your own ideas on politics and policies, you should not necessarily get hooked on the idea of attaining the post of prime minister or (lower house) president.

Fukabori: What do you consider to be the ideal position that would enable you to have the policies that you think should be enacted become law?

Yamaguchi: The post of chairman of the Liberal Democratic Party's Economic Regulatory Inspection Association has the function of promoting Japan's perestroyka. Resistance within the party makes for proposals on and regulation of difficult policy issues. It involves coordinating problems that exist in and extend across the Finance, Foreign, Industry and Trade Ministries, as well as the 14 other ministries and departments. It is an extremely difficult job, so I would like to work very hard at it for the next three or four years.

Fukabori: Regardless of your post, you have been at the center of the movement to topple Mr. Kaifu. Will you continue hereafter to do that?

Yamaguchi: I am not trying to topple Mr. Kaifu. He is like a superconductor so, like a ghost, he has no legs to grab hold of. He's like a ping-pong ball floating on air. The only way is to get him to pull the switch himself—a dignified death.

Fukabori: Will Mr. Kaifu's successor come from the generation that was once called the new leaders such as Mr. Abe or Mr. Miyazawa, or will it be from the generation referred to as neo-new leaders such as yourself, Mr. Ozawa, or Mr. Hashimoto?

Yamaguchi: To return to the lesson that was learned when the order of Mr. Takeo Fukuda and Mr. Kakuei Tanaka was reversed, and the result was a lot of contradiction and trouble, I think it would be best to return the administration to the new leaders of Mr. Abe, Mr. Watanabe and Mr. Miyazawa. In baseball terms they are all like a player who has only five more hits to go before reaching 2,000 or needs only five more wins to reach 200 wins. Probably if any of these men come to power, even if they did a considerably good job, they would only get approval ratings of around the 20 to 30 percent level. It would be hard for them to be popular with the people. Be that as it may, all of them want to do it. (laughter)

The next generation after that will go to someone whom it wouldn't matter when he became prime minister, such as Mr. Ozawa or Mr. Hashimoto. Even so, I think that it will become an age of group leadership. It is even possible that we could have a reformation of the political world. Based on a change in the election system, there may be the birth of a completely new political order, different from the Liberal Democratic Party that we've had until now.

Fukabori: On a more mundane level, I have had the thought that it would be best if we had one more political party so that when the LDP misbehaved, there would be two large conservative parties to choose from, instead of only the LDP continuing to hold on to power for such a long time.

Yamaguchi: I think that for the 21st century, it would be better, on the point of competing on policies important to the people, to have two liberal political parties capable of assuming power alternately who would fight to win each election. If that were the case, more personnel would be attracted into politics.

Fukabori: In your estimation, in what form do you think a reformation of the political world would occur?

Yamaguchi: I think that it would be impossible for the LDP, on one hand, and the Socialist, Clean Government and Democratic Socialist Parties, on the other hand, to form a two major party system. It would be more realistic for the LDP and the Socialist, Clean Government, and Democratic Socialist Parties to all join together and then combine all their ways of thinking, personalities, and policies. Then they should divide into two political forces.

Fukabori: In that sense then, an opportunity for such a scenario might be created due to the fact that the LDP incorporates various factions which could split apart.

Yamaguchi: Reform in the political system could conceivably provide an opportunity. One type of litmus test for political reform could even occur through debate on how we should cooperate with the United Nations during international disputes.

A word from Ms. Emiko Fukabori:

Frankly, I was shocked by his searing criticism of Prime Minister Kaifu. In a bad sense, Mr. Yamaguchi gives the impression of being a "showoff." Instead of assuming an air of a critic, I would like to see him contend for power before the nation with more dignity. If he is going to state that "the Kaifu administration will leave the nation with even higher taxes than the consumption tax," I definitely wish he would also say it in the Diet, and not just within the LDP.

* Cold War End Brings Changes to ROK, DPRK

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[By MAINICHI SHIMBUN reporters Yutaka Wakai, Masao Kamurigi, Yoshitaka Nagamori, and Kenichi Kono: "Severe Shocks on the Korean Peninsula!—Reform from Europe to Asia"]

[30 Sep 90 Morning Edition p 1]

[Text] The Korean peninsula is shaking violently. Following moves by the Soviet Union and the ROK to establish diplomatic relations with lightning speed, Japan and the DPRK (North Korea) have also reached basic agreement to enter into negotiations to normalize their diplomatic relations, sending another great shock to the peninsula. The peninsula, divided into the North and the South at the 38th parallel, has been a symbol of the postwar Cold War structure along with Berlin. It is strongly felt that waves of the "post-Cold War," which began with severe changes in the Soviet Union and Eastern Europe, have now turned into high billows and have started to wash over the peninsula. The following are reports on complicated backstage moves on the Korean peninsula in which the United States, the Soviet Union, China, and Japan are deeply concerned.

"North Korea has begun to say that 'we would like to enter into negotiations for normalizing diplomatic relations.' This is more than I can handle. I would like to communicate it to my ministry."

Foreign Ministry Asian Affairs Bureau Councilor Yutaka Kawashima was startled at the North Korean side's sudden proposal for normalizing diplomatic relations in the government-to-government negotiations which he had been conducting with the North Korean Foreign Ministry authorities from the morning on 27 September. He ran into the Hundred Flowers Garden Guesthouse, the lodging place for former Deputy Prime Minister Shin Kanemaru. Defying a halt at the door, he rushed into a room where Mr. Kanemaru and Japan Socialist Party [JSP] Vice Chairman Makoto Tanabe were having a "secret talk" between only them. The councilor looked tense and strained while making the above remarks.

In the "government-to-government" negotiations, Councilor Kawashima strongly urged the establishment of liaison offices between Japan and North Korea.

He said: "The international situation is changing rapidly. We believe that a dialogue is needed first (between countries with no diplomatic relations)."

The North Korean Foreign Ministry's Asian Bureau Deputy Director (in charge of China, Mongolia, and Japan) Chon made the following reply which far exceeded Japan's expectations:

"We would like to discuss diplomatic relations rather than that."

Kawashima said: "However, the point you are making seems inconsistent with your position. It has been your position that (talks on diplomatic relations) are prohibited because they lead to perpetuation of division between the North and the South, has it not?"

After saying "this is indeed a subtle point," Deputy Director Chon replied clearly:

"We have changed our policy."

Some people say that when they saw members of the Kanemaru mission being treated as national guests, they "had a hunch that something unexpected will happen," (a leading Foreign Ministry official). However, many people within the government and the Liberal Democratic Party [LDP] are suspicious of North Korea's true intention in proposing that the two sides begin negotiations in November for the establishment of diplomatic relations. They feel dubious about the North Korean proposal, saying that "it is a temporary measure" designed to avoid international isolation and contain the ROK by obtaining a new "Japan card" amid shocks it has received from the moves by the ROK and the Soviet Union to establish their diplomatic relations and from its severance of diplomatic relations with unified Germany.

However, at this huge turning point in history it is difficult for North Korea to infinitely remain in the "forefront" of the Cold War structure. Moreover, the widening economic gap with the ROK may make it increasingly difficult to accomplish the cherished desire to unite the North and the South in an independent and peaceful manner as North Korea has insisted on.

Secretary Kim Yong-sun, who signed a joint declaration on behalf of the Workers Party of Korea [WPK], candidly explained why North Korea was proposing that diplomatic relations be normalized. He said that "it took into consideration the 'rapid changes in the international situation' and the opinion in some quarters of the Japanese Government that 'compensations' cannot be put into effect before the establishment of diplomatic relations." Only 2 months ago, Secretary Kim asserted to Vice Chairman Wataru Kubo and other visiting members of a JSP delegation—it was during this delegation's visit that North Korea decided to accept the visit by the Kanemaru delegation—that "compensations" should be made whether the two countries had diplomatic relations or not. He also said in a firm tone: "It is wrong to think that the change in the Soviet Union and Eastern Europe will also affect Asia and change North Korea as well in the future. This cannot happen."

However, the moves of the ROK and the Soviet Union to establish diplomatic relations must have greatly surpassed North Korea's expectations. In its stern rebuttal of Soviet Foreign Minister Shevardnadze's "notification," North Korea took a measure of "retaliation" by announcing the details of the talks between North Korean and Soviet foreign ministers. The announcement was an expression of its anger at "a coldhearted act of perfidy" (a North Korean resident in Japan) by the Soviet Union, a giant country which had been its backer and the leader of the socialist camp. The North Korean side even called the Soviet Union its "enemy" when meeting a visiting advance party from both the LDP and JSP early this month.

Under these circumstances, it is not hard to imagine that North Korea's great leader President Kim Il-song had to make the distressing decision to normalize diplomatic relations with Japan, staking the fate of his country. Referring to his face-to-face talks with President Kim, Mr. Kanemaru frequently emphasized that "he was deeply impressed." Many strongly believe that "this is because the president personally expressed his candid feelings about stern developments at home and abroad facing North Korea at present."

"The improvement of relations with Japan will be pursued in parallel with (the dialogue between) the North and the South."

This is what Political Bureau member and (then) Secretary Ho Tam said to JSP National Movement Bureau Director Hajime Fukada when the latter visited North Korea in May of this year. By saying this, Ho Tam showed a strong desire to improve relations between Japan and North Korea and gave an important signal as to future schedules toward this end. It was an expression of the desire that every major progress in Japanese-North Korean relations would be made in step with a major process in the North-South dialogue and with moves of the ROK. The advance party visited North Korea when North and South Korean prime ministers were meeting in Seoul, and earlier in mid-August the JSP "Ship of Japan-DPRK Friendship" mission visited it when the "pan-national convention" was held in North Korea.

Then came the basic agreement between Japan and North Korea to work toward normalizing their diplomatic relations as if to forestall the establishment of diplomatic relations between the ROK and the Soviet Union. Moreover, North Korea proposed that the government-to-government negotiations, begin on 1 November, a date which is 2 weeks after the second round of talks between North and South Korean prime ministers in Pyongyang. This indicates North Korea's strong sense of rivalry with the ROK. At the same time, it indicates the North Koreans' scrupulous and sagacious approach to cope with the "post-Cold War" situation amid power politics among "giant countries" such as the United States, the Soviet Union, China, and Japan.

[1 Oct 90 Morning Edition p 1]

[Text] "We have just received a report from our Foreign Ministry official in Pyongyang."

The Foreign Ministry 's Administrative Vice Minister Kuriyama began to speak on the phone to ROK Ambassador in Japan Yi Won-kyong after 1600 on 27 September.

"The DPRK (North Korea) has proposed to begin negotiations on diplomatic relations. With no details at hand, we have no idea how this action should be interpreted, but we are making this report to you as an immediate measure."

Vice Minister Kuriyama also made a similar call to U.S. Ambassador in Japan Michael Armacost. Before 1800 that day, he met with Ambassador Yi at the Itakura office to discuss Japanese-North Korean relations.

On the other hand, Foreign Minister Nakayama, who was then staying in New York to attend a UN General Assembly session, placed a call from his hotel room to ROK Foreign Minister Choe Ho-Chung to transmit a report from Vice Minister Kuriyama in Tokyo.

"I see. Thank you for letting me know what happened there."

Foreign Minister Choe was scheduled to attend an important ROK-Soviet foreign ministers' meeting to establish diplomatic relations with the Soviet Union 3 days later, but he showed an unexpectedly calm response. Foreign Minister Nakayama put the phone down after promising to continuously "keep close contact in the future."

Asian Affairs Bureau Councilor Kawashima made his first report from Pyongyang on the North Korean proposal after 1500 on the same day. The government and the Foreign Ministry could not conceal their surprise and embarrassment at the rapid progress far exceeding their expectations. Worrying them most were reactions from the United States and the ROK which were watching developments with particularly great concern.

"The rapid change in the international situation which began in Europe has eventually reached its final destination."

A leading Foreign Ministry official, who is conversant with the Korean affairs, made the above remark, noting with deep emotion that the waves of change in the world structure have reached the "final fortress." It was an unexpected development, but the Japanese Government has basically welcomed it. It was the government's established policy to promote a government-to- government dialogue with North Korea in order to avoid its isolation and urge it to open its door.

In fact, Foreign Minister Nakayama gave the following secret instruction to administrative authorities in mid-May this year:

"Prepare data concerning negotiations which Japan and the ROK had conducted to normalize their relations and prepare for the time when similar negotiations become necessary between Japan and North Korea."

The foreign minister made this exceptional instruction in response to a report from JSP National Movement Bureau Director Fukada upon his return from a visit to North Korea in early May. North Korea's "three conditions" were revealed for the first time by JSP Vice Chairman Tanabe when he, accompanied by Mr. Fukada, met with the foreign minister. The three conditions are Japan's apology, compensation, and correction of its hostile policy. The two persons transmitted the remarks of Ho Tam, a member of the WPK's Political

Bureau and also a secretary (then), who had started negotiations leading to the current development, that "we will take action from this summer to the fall, watching how these conditions are met through corrective measures." All this was kept "strictly confidential." There is a strong indication that since then this "top secret" has been shared only among Prime Minister Kaifu, Foreign Minister Nakayama, former Deputy Prime Minister Kanemaru, LDP Secretary General Ozawa, and JSP members Mr. Tanabe and Mr. Fukada.

"This is a significant epoch-making event in history, and we welcome it."

This is what Prime Minister Kaifu said on the evening of 27 September in his statement welcoming the North Korean proposal as soon as he received the first report. At a meeting of Japanese and German foreign ministers in New York, Foreign Minister Nakayama informed German Foreign Minister Genscher of the proposal, saying that "it indicates a great change taking place on the Korean peninsula."

Moreover, the news on the improvement of Japanese-North Korean relations created a great stir among those attending the first conference of foreign ministers in the Asian and Pacific region held on the same evening at the United Nations. Soviet Foreign Minister Shevardnadze's behavior attracted particular attention among all others. He approached Foreign Minister Nakayama standing at the entrance of the conference hall and offered his hand with exaggerated gesture, smiling all over his face. His face apparently indicated his feeling that "Japan, too, has made it." Foreign Minister Shevardnadze visited Pyongyang on 2 and 3 September and notified Foreign Minister Kim Yong-nam of the plan to establish diplomatic relations between the ROK and the Soviet Union. During his visit to Japan from 4 September, he strongly advised Foreign Minister Nakayama to improve Japanese-North Korean relations, saying that "now is a good chance to knock on the door (of North Korea)."

The government and the LDP are of the same opinion that a bridge has been built between Japan and North Korea amid the international "post-Cold War" tides. However, this does not mean that suspicion has now been dispelled between them. There are particularly strong opposition and resistance to the "compensation" specified in the three-party joint declaration for "the loss the North Korean people suffered in the 45-year postwar period."

In the normalization of diplomatic relations between Japan and the ROK in 1965, Japan recognized a claim for its 36-year colonial rule in the prewar period, but the postwar period was left out of consideration. There still is deep-rooted suspicion within the Foreign Ministry as to North Korea's true intentions. A leading official of the ministry points out: "In addition, 'compensation' for the postwar period will become a big issue. The support for the Kim Il-song regime will also be called into question." The Kim Il-song regime has failed to show its program of reform as seen in socialist countries' worldwide moves toward democratization and their shift toward the market economy system, thereby giving rise to suspicion that the "compensation" from Japan under the name of economic cooperation might contrarily delay reform and simply end up with the consolidation of the Kim Il-song regime. The United States and the ROK in particular are openly expressing their concerns that North Korea might use the compensation to step up its military capabilities including nuclear development.

The fact that "a large airhole has been bored through the thick wall" (Mr. Kanemaru) must contribute to the easing of tension on the Korean peninsula and lead to expediting the reunification of Korea, a cherished desire of the Korean people. In this sense, the true merit of Japan's diplomacy will be judged through stern negotiations—as sharp as walking on the edge of a sword—which must last for some time.

[2 Oct 90 Morning Edition p 1]

[Text] On 4 September of this year, Soviet Foreign Minister Shevardnadze appeared at the "International Conference on Peace and Cooperation in Asia and the Pacific." He spoke to former First Minister of State for Political Affairs Pak Chol-on, who was also attending the meeting from the ROK side:

"I called for opening the Asian and Pacific Foreign Ministers' Meeting in 1993. However, I think that our two countries need not wait until that time. What do you think of meeting at the UN General Assembly toward the end of September? Please convey my desire to Foreign Minister Choe Ho-chung."

It was just the day before that Foreign Minister Shevardnadze, in Pyongyang, notified DPRK (North Korea) Foreign Minister Kim Yong-nam of the "inevitability of the opening of diplomatic relations with the ROK." Former Minister of State Pak was a confidant of President No Tae-u and had been working as the president's emissary for his Northern Policy. This Soviet notice to him meant that the Soviet Union had just crossed the "bridge of no return."

It was in 1987 that the ROK first sensed a clear signal from the Soviet Union through a message. A key CIA member visited a top-ranking official of the ROK intelligence service and took out a document, saying: "Do not copy it. Just read it, please." The official just read it as requested. In the message the Soviet KGB was assuring the CIA of the security of the Seoul Olympics. It is said that the top-ranking official went to (then) President Chon Tu-hwan and reported that "the Seoul Olympics will be held in perfect safety."

At that time, the foremost questions facing the ROK were whether the Soviet Union would participate in the Seoul Olympics and whether it could check North Korea's obstructive maneuvers against the Olympics. The message gave answers to these questions at once.

Since then, President No Tae-u has firmly consolidated the Northern Policy as a national policy which sets the Soviet Union as its first target. In July 1988, he issued the "7 July Declaration" and defined North Korea as its companion, thereby removing the cause of its past "reserve" toward North Korea, a country in the communist camp. The Northern Policy of the ROK progressed smoothly and reached its peak with the recent establishment of diplomatic relations with the Soviet Union. The next aim was to continue negotiations with China to establish diplomatic relations.

At this point, however, "the ROK is compelled to review its Northern Policy," according to Seoul University Professor (in political science) Chang Tal-chung. He points out that this is because there has appeared a new factor called the opening of negotiations between North Korea and Japan on establishing their diplomatic relations.

He says: "Many people in the ROK feel that Japan has been used by North Korea. We should think that President Kim Il-song has begun following the 'Southern Policy' by playing the Japan card in opposition to the ROK."

The Northern Policy of the ROK is based on the firm support of its allies the United States and Japan, and the improvement of relations with North Korea by the United States and Japan should not go faster than the progress in the dialogue between North and South Korea, according to the ROK policy.

When the Kanemaru mission was leaving for North Korea, Prime Minister Kaifu gave a call to President No and promised to "balance the progress in Japan's relationship with North Korea with the improvements of relations between the ROK and the Soviet Union, between the ROK and China, and between the United States and North Korea." Therefore, it is said in the ROK that the recent Japanese-North Korean joint declaration "evidently represents a violation of the speed with which changes should occur," (a ruling Democratic Liberal Party member).

A person close to Chongwadae (ROK presidential residence) makes the following remarks, explaining the general feeling at the presidential residence "on the day" when negotiations were conducted on opening diplomatic relations between Japan and North Korea: "It is, of course, a plus from a long-term viewpoint that North Korea has changed its conventional policy. The problems are the timing and Japan's failure to give advance notice. Chongwadae believed that a summit meeting with President Kim Il-song will be possible in the first half of next year if things go smoothly. When the ROK and the Soviet Union establish diplomatic relations and the ROK and China improve their relations, the North will feel itself forsaken by the whole world. Both China and the Soviet Union have no power left to give economic assistance to North Korea. The North's only remaining option is to conduct a dialogue and economic cooperation with the South. It would have been better if Japan had begun to act when North Korea first began to feel this was the situation. However, Japan accepted North Korea's request recently, thereby providing the North with a way of escape. In the future, the North-South dialogue will be a mere show."

As if to vindicate the above remarks, North Korea decided to hold the "North-South Reunification Soccer Games" and the "North-South Reunification Concert" almost simultaneously with the second round of talks between North and South Korean prime ministers, calling on the ROK to participate in them. These events may serve as a means to "promote an atmosphere of reconciliation and open the door of North Korea," but at the same time it is also possible that they are degraded into simple performances designed to give the impression that North Korea is striving for the North-South dialogue and reconciliation.

However, it is also a reality that the current moves between the ROK and the Soviet Union and between Japan and North Korea will inevitably lead to the cross-recognition (the formula of the United States and Japan recognizing North Korea while China and the Soviet Union recognize the ROK). Mr. Kim Chol, chief of the North Korea Department of CHOSON ILBO, an influential newspaper in the ROK, says: "In fact, recently the ROK has not been as eager for the cross-recognition as in the past. This is because it thought it could drag (North Korea into the open-door policy) through its improvement of relations with the Soviet Union and with China. However, this would not be workable in the future. In this sense, the odds are that serious efforts will be made toward cross-recognition."

Views are divided in the ROK on North Korea's change. Will its improvement of relations with Japan prompt North Korea to open its door or help it continue the Kim Il-song system?

On 1 October, President No Tae-u made the following remarks before a parade marking the 42d anniversary of the establishment of the armed forces: "North Korea's closed-door policy has now reached its limit. The security of the Korean peninsula has changed markedly due to the opening of diplomatic relations between the ROK and the Soviet Union. However, a time of change is fraught with not only good opportunities but also dangers." These remarks represent the ROK position quite well.

[3 Oct 90 Morning Edition p 1]

[Text] A special plane carrying Foreign Minister Shevardnadze, who had finished Sino-Soviet foreign ministers' meeting in Harbin, landed at Pyongyang Airport past noon on 2 September. The plane left for Vladivostok at 1400 next day, 3 hours earlier than scheduled. There was thus a 26-hour interval between the plane's arrival and departure. An official statement of the two countries hailed "the maintenance of the relations of alliance." Nevertheless, a Soviet Foreign Ministry source

reveals that the recent visit to Pyongyang represented "the most complicated and tense mission" for the foreign minister.

The central aim of the foreign minister's visit to the DPRK (North Korea) was to win its understanding on the Soviet Union's establishment of diplomatic relations with the ROK. However, Pyongyang showed a very rigid response. According to IZVESTIYA, only Foreign Minister Kim Yong-nam met with this important guest from the Soviet Union, a country which had long provided military and economic aids. Both President Kim Il-song and Secretary Kim Chong-il refused to meet him, showing their displeasure with an exceptional coolness.

Nevertheless, Foreign Minister Shevardnadze clearly stated to the accompanying press corps: "We must first consider our national interest. We will develop relations with the ROK." The present Soviet diplomatic position is condensed in this statement.

When the Gorbachev regime succeeded to power in 1985, the Soviet Union was a "large empire devoid of substance" in which only military power was enlarging while economic and other fundamental capacities were markedly declining. Perceiving a serious crisis, President Gorbachev took measures to democratize domestic politics and at the same time embarked on a drastic turnabout in diplomatic policy lines. He renounced expansionism backed up by military power and carried out de-ideologization in foreign policies. The turnabout was substantiated by the repudiation of the Brezhnev doctrine (the limited sovereignty theory) and the acceptance of democratization in Eastern Europe, and it enabled a huge reform called the collapse of the Cold War structure in Europe.

What forms the core of Gorbachev's new-thought diplomacy are the political philosophy arguing that "national strength is decided by economic power, not by military power" and also the pragmatism-oriented "handling of diplomacy in a businesslike manner." When viewed from this standpoint, what should be done in the East becomes self-evident. The longtime confrontation with China has forced a formidable expenditure on the Soviet Union. Its military buildup in Asia and the Pacific hampered the improvement of its relations with the United States, Japan, and Southeast Asian countries. The Pacific Rim region has made dynamic strides in development, and the Soviet Union itself admitted that "The Pacific is the tomorrow's Mediterranean," (President Gorbachev). However, except for its military power, the Soviet Union has no particular sense of presence in this region.

As the first step, President Gorbachev visited Beijing in of May last year and carried out the normalization of relations with China, a long-pending issue, thereby consolidating the footing for the development of his new diplomacy toward Asia. The establishment of diplomatic relations with the ROK is a result achieved in the course of this diplomacy, and it is also a step taken to prepare for his visit to Japan next year. The invitation to Moscow of Indonesian President Suharto last year and that of Singapore Prime Minister Lee Kuan Yew last month showed the Soviet Union's scheme to win the international approval of its position as "a member of the group of Asian and Pacific nations." Behind the step to establish diplomatic relations with Seoul in spite of Pyongyang's opposition is a cool-headed calculation of its own interests. President Gorbachev, who knows full-well the evil effects of Stalinist socialism, intends to achieve North European-style social democracy by giving up the Communist Party dictatorship and virtually throwing away Marxism-Leninism in the economic reform plan. The crevice with Pyongyang under the dictatorship of the WPK led by Kim Il-song and his son Kim Chong-il has been widening irreparably.

Moreover, the Soviet Union can expect economic merits from the ROK, which is now making great strides forward in contrast with the North which is in an economic slump. For example, the Soviet Union can import consumer goods at low prices and also obtain technical assistance for the development of Siberia and the Far East Region. Its development of economic relations with the ROK will cause some ripples in Japan.

More important is the political significance of the fact that the Soviet Union has become the first country to have diplomatic relations with both North and South Korea among the four countries—Japan, the United States, China, and the Soviet Union. Now that German reunification has become a reality, the Korean peninsula is an area where the Cold War structure remains most evident, and armed forces are assembled with the highest density. Until detente comes on the Korean peninsula and the peaceful coexistence of the North and the South and their ultimate reunification are realized, a truly stable international order cannot be expected in the Far East. The Soviet Union's establishment of diplomatic relations with the ROK will strengthen its right to speak regarding the future of the Korean peninsula and constitute a foothold for its Asia and Pacific diplomacy.

However, it is difficult to determine what practical effects the establishment of ROK-Soviet diplomatic relations will have on the Korean peninsula. Pyongyang, with growing impatience, appears to be planning to find a way out by establishing diplomatic relations with Japan. If China begins action to establish diplomatic relations with the ROK, the cross-recognition formula as applied to the case of East and West Germany will become a realistic approach; however, the improvement of relations between the United States and North Korea carries a far more difficult factor than one between the ROK and the Soviet Union.

For the time being, the Soviet Union will increase economic and cultural exchanges with the ROK, but it is unlikely that the country will sever relations with the North soon. As is seen in its relationship with Cuba or Iraq, the Soviet Union makes it a point to keep open the channels of alliance and leave room for future options no

matter how hard it is to get on well with its one-time ally. They must have concluded that it is unwise to drive Pyongyang into a tight corner. President Gorbachev is a pragmatist not enmeshed in ideology; however, he also has displayed traditional cunningness as well.

Bank Investments in USSR, SRV Turned Down

OW1011061290 Tokyo NIHOIN KEIZAI SHIMBUN in Japanese 7 Nov 90 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Text] The government has decided not to approve investments by Japanese banks in Soviet banks for the time being. The Michinoku Bank in Aomori Prefecture requested government approval for its investments in a bank to be established in the Soviet Union, but this request was shelved by the government in line with this decision. Judging that such an investment in the Soviet bank, like the establishment of bank branch offices, could lead to Japan's financial support for the Soviet Union, the government plans to respond to such requests after observing progress in the northern territories issue and positive developments in the Soviet political situation. The Vietnamese Government has also sounded out some Japanese banks to see if they could set up their residence offices in Vietnam. Regarding this matter, the government has also decided not to approve opening such offices in Vietnam for the time being on the grounds of unresolved political issues, including the Cambodian issue, and has informally notified the Vietnamese Government of this decision.

The Michinoku Bank, which has sought the government's approval for its investment in the Soviet bank, planned to make an initial capital investment in "The International Bank" of $2 million; preparations have been under way to establish the bank in a Soviet coastal area by next spring. The International Bank's major business activities will be handling foreign currencies and trade banking and opening letters of credit. Any direct overseas investments by Japanese banks require, however, the approval of the Finance Ministry in accordance with the Foreign Exchange Law. Therefore, the government considered whether or not to approve the investment requested by the Michinoku Bank and decided not to approve any investments by Japanese banks in the Soviet Union because of its judgment that any investments by Japanese banks in foreign banks constitute a type of financial aid. The government says that until the ban on providing the financial support for the Soviet Union is lifted, it cannot approve any investments by Japanese banks in the Soviet Union.

With President Gorbachev's visit to Japan next spring providing the momentum, the question of opening bank branch offices in the Soviet Union and of providing financial support for the Soviet Union will very likely be settled then.

A peaceful solution to the Cambodian problem has not yet been achieved. This has become a major hurdle to setting up Japanese bank offices in Vietnam. China and Western industrial nations have not yet recognized that the withdrawal of Vietnamese troops from Cambodia is true. Therefore, the government has judged that it is difficult for Japanese banks to open their branch offices in Vietnam under these circumstances. The government informally notified Vietnamese Foreign Minister Thach of this judgment when he recently visited Japan.

United States

Friction With U.S. on Construction Bids Noted

OW1111045790 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Nov 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Article by reporter Sekiguchi from Washington on emerging Japan-U.S. frictions over construction bidding in Japan]

[Text] Japan-U.S. friction over construction biddings in Japan is likely to intensify again. This situation was touched off by complaints filed by U.S. firms that failed to win a bid to procure facilities for Kansai International Airport. Voices asking for doors to public works projects to open more widely for foreign companies are beginning to rise. The U.S. Government is pointing out the closed nature of the Japanese construction market in the Uruguay Round talks of the General Agreement on Tariffs and Trade (GATT). It is possible that all this will develop into a political issue by the end of this year. With U.S. President Bush scheduled to visit Japan in February next year, the Japanese Government has some tricky issues before it.

Japanese Side

The bidding at issue was for the selection of a supplier for an automated guideway transit (AGT) system for Kansai International Airport. In July this year, Kansai International Airport Company chose the team of Niigata Engineering Company and Sumitomo Trading Company as the supplier for the system out of a total of 13 bid-participating companies, including two from the United States. AEG Westinghouse Transportation Systems (main office in Pittsburg), which lost in the bidding, subsequently filed a complaint. The complaint declared it unacceptable that the company's system, which holds a record of having been supplied to airports across the world, lost out to the Japanese companies. The company brought in the U.S. Congress and Government to push its demand that a supplier be reselected.

According to a letter of reply given to the U.S. company by Kansai Airport Company, the airport company refuted the U.S. side's claimed that the evaluation [of Kansai Airport Company] was based on subjective views, "without giving weight to technical evaluations and price." The letter said that the "technological level was equal, while AEG's price fell."

The views of the two governments also clashed head on. The Japanese Transport Ministry supported the position

of the airport company, saying: "There was no unfairness committed in the bidding. We cannot think of redoing the selection." The U.S. Department of Commerce, however, supported AEG's position, even hinting at the possibility of putting into motion Section 301 (retaliation against unfair trade practices of trading partners) of the U.S. Omnibus Trade Act.

Meanwhile, over the question of opening the construction market, the problem of the United States' demanding expanded opportunities in public works projects is reappearing. The United States declared this June that the current special measure allowing foreign participation in only 17 items of public works projects should be revised to allow further opening. The Japanese Construction Ministry retorted to this, saying that "the current measure is a special measure enacted so foreign enterprises may become familar with the Japanese market, and further opening of the market would not be in conformity with Japan-U.S. agreements on construction."

The Japanese Foreign Ministry, which is trying to tidy up the situation, wants to watch further developments of negotiations between the airport company and AEG as far as the Kansai Airport question is concerned for now. As for the question of the constructon market, the ministry intends to take it up and look into it at the Japan-U.S. talks for review of construction agreements. The talks begin in the middle of December.

The Japanese Construction Ministry, on the other hand, insisted: "Almost all major U.S. construction companies have business cooperation relationships with Japanese contruction firms, and the conditions of relations between construction industries of Japan and the United States are improving." Some in the Foreign Ministry gave the view that "those making noise are only some of those related to Congress," and they thought there is little possibility that the United States will take unilateral retaliatory action over the Kaisai Airport issue. President Bush is due to visit Japan in February next year. There certainly is a possibility that the question will turn into a political issue should it be prolonged too long. It is likely that if negotiations on the question bear no fruit by the end of January, Japan will have to start to look for leads to a compromise.

U.S. Side

"How the bidding for Kansai International Airport was done is still beyond my understanding," Mr. Tucker, president of AEG Westinghouse Transporation Systems, again spat out in his strong complaint when he visited Washington last weekend. "The situation being as such, we will have to seriously think about appealing our case by resorting to the Section 301 provisions of the U.S. trade act," he angrily said.

Mr. Tucker rekindled Japan-U.S. friction over the construction market, which had subsided on the face at least since the agreements on the construction were made in May 1988. It did not take too long for the company, proud of a big share in automated guideway transit systems, to start lobbying with the government and the legislature, saying that "the loss was due to unfair bidding by the Japanese side."

On 2 and 3 August, a meeting to review the Japan-U.S. construction agreements was held in Washington, but the concern of the U.S. Government was centered on the issue of Kansai new airport. About the same time, Senator Murkowski's revision bill suddenly came out. The bill was aimed at shutting out the construction companies of the countries supposedly engaged in unfair practices from public works projects in the United States.

Since then, criticism of Japan has come from Deputy Secretary of Commerce Fahren [name as published] and Senator Murkowski. They asserted that "it is irrational that AEG and Niigata Engineering were given the same score in technology evaluation" or asked "how bidding on such a system that involves large volumes of materials can be held based on the (track 3) procurement method, which is used on such projects for consulting."

Senator Murkowski succeeded in tacking the revision provisions onto two bills—the Transportation Department expenditure bill and the energy and water resource development expenditure bill—obtaining House support. President Bush is expected to sign both bills this week, which obligates the U.S. Trade Representative (USTR) to announce the names of the unfair countries to be shut out from the public works projects. Even though there are some within Congress who think "there are sounds of howling in the distance," there is no doubt they will draw Congressmen's attention as good materials for Japan bashing.

Deputy Secretary of Commerce Fahren sent a letter to Mr. Hayashi, director of the Foreign Ministry Economic Bureau, in the middle of October. He asked the Japanese Government to make concessions on the matter by 15 January. It appears inevitable that attention again will be focused on the question of the construction market when Congress opens its session early next year.

Government Said 'Divided' Over Rice Issue

OW1411133790 Tokyo MAINICHI DAILY NEWS in English 13 Nov 90 p 6—FOR OFFICIAL USE ONLY

[Unattributed "Perspectives" column article: "Government Divided Over Rice Issue—Foreign Ministry vs. Agriculture Ministry"]

[Text] The reaction to a memo that was mistakenly faxed to the Agriculture Ministry in mid-October throws light on how divided the government itself is on the rice issue. The memo, which originated from the Foreign Ministry, gave a blow-by-blow description of a meeting between International Trade and Industry [MITI] Minister Kabun Muto and Secretary of State James Baker in Washington on Oct. 9.

When Baker questioned Muto on whether Japan could open its market to imported rice, dairy products and other agricultural products, Muto replied that such a thing was impossible by the Oct. 15 deadline for a plan to reduce trade barriers on agricultural products. Then Baker asked Muto if Japan would take any definite action by the end of the Uruguay Round of trade talks. "I personally believe that some sort of concessions should be made," Muto replied.

Muto vehemently denied having agreed to make concessions to the U.S. at a press conference after his return to Japan on Oct. 15.

On the surface, the incident was laid to rest with a severe warning that Prime Minister Toshiki Kaifu gave. But things were not so smooth behind the scenes.

The memo was actually meant to be a confidential communique within the Foreign Ministry and someone had accidentally faxed it to the Agriculture Ministry. Pressed by the Agriculture Ministry, the Foreign Ministry reluctantly admitted that the contents of the memo were "a part of the talks."

An MITI official who participated in the talks backed up the story.

An infuriated Prime Minister Toshiki Kaifu fumed at Agriculture Ministry officials to dress down MITI. But, with the government's United Nations Peace Cooperation Bill still under debate and Justice Minister Seiroku Kajiyama under fire for a derogatory remark about blacks, Kaifu avoided any Cabinet reshuffle that would expose how divided his Cabinet actually is.

The Agriculture Ministry, unable to pursue the issue too far because of the State Department's "Groundless" arrangement with the Foreign Ministry, also reluctantly buried the hatchet.

Even as the tide toward liberalization surges forward, the Agriculture, Ministry stubbornly digs in its heels, maintaining that rice is "sacred territory" and that Japan should be completely self-sufficient in its rice production.

During a speech in his home district of Takasaki, Gumma Prefecture at the end of October, Agriculture Minister Tomio Yamamoto reasserted his opposition to opening the rice market. "If the buyer comes on strong, the seller (the U.S.) lowers his head," Yamamoto told his constituents.

The bicameral Diet resolution calling for total self-sufficiency in rice is the ministry's magic talisman.

But Japan's ambassador to Geneva, Hidetoshi Ukawa, warned Liberal-Democratic Party (LDP) agriculture officials when he returned to Japan in mid-September, that Japan is in danger of being isolated if it does not cooperate with the U.S. and the European Community. "A complete ban on rice imports is impossible under GATT resolutions," Ukawa said.

The officials, however, rejected Ukawa's warning, saying that U.S. and the EC do not hold negotiating cards and now is not the time for compromise.

But some powerful LDP officials such as LDP Policy Research Council Chairman Michio Watanabe and former Labor Minister Toshio Yamaguchi are calling for importing about 5 percent of the country's rice, and their views are said to have many supporters in the government.

Sometimes, in its approach to the thorny rice problem, Japan seems like a ship without a navigator in an uncharted sea.

Now, the Agriculture Ministry is quietly working out a scenario and a policy for dealing with the situation. In the scenario, Japan, the U.S. and the EC each asserts its side and the three come to an impasse in a ministerial-level meeting in Brussels, but Japan and the EC make a promise to settle the problems between the various countries by February. Thus, the rice issue will only remain between the U.S. and Japan.

Even if this comes to pass, the picture still is not completely rosy. According to a ministry official, "If it comes to negotiations between the U.S. and Japan, the U.S. can invoke the Super 301 clause (which slaps sanctions on unfair trading partners) to pressure Japan into opening its market. Bush is coming to Japan next February. But it's doubtful that the Kaifu Cabinet, which puts priority on cooperation with the U.S., will protect the market to the end."

In the name of U.S.-Japan cooperation, Japan's market is being opened to more and more agricultural products, and the rate of its opening surpasses those of both the U.S. and the EC.

Resumption of Wholesale Rice Market Viewed

OW1411140690 Tokyo THE JAPAN ECONOMIC JOURNAL in English 17 Nov 90 p 33—FOR OFFICIAL USE ONLY

["Commodities" column article by unidentified writer: "Rice Exchange Could Be First Step Toward Free Market Mechanisms"]

[Text] The chains binding Japan's rice market were loosened a bit on Oct. 31 with the resumption of a wholesale rice market operating outside the government-controlled distribution system. Rice is now passing from farmers to wholesalers through a commodity exchange for the first time since 1939, when the government introduced control of every aspect of rice farming, distribution and marketing.

The opening is very tentative, covering only 1% of Japan's 10-million-ton annual rice crop. But it is seen as a first step toward introducing market mechanisms into a rice market widely regarded as closed, out-of-date and

inefficient. But after decades of rigid government control, it remains to be seen whether the industry producing Japan's staple foodstuff is capable of embracing full-scale competition.

Government control of the rice market is still extensive. When it first took control of the system, the government bought all the rice produced by farmers and sold it to distributors, deciding the prices for both transactions. Recently, farmers and farmers' associations have been allowed to sell rice directly to wholesalers, but prices are still decided through government-mediated negotiation.

The government is actively trying to reduce the amount of acreage under cultivation through "administrative guidance," but the amount of rice grown still far outstrips the amount consumed. And at the distribution end, until 1988, distributors were only allowed to operate within designated areas, typically one prefecture. That year the rules were relaxed, allowing distributors to extend their territory into neighboring prefectures as well.

The resumption of the wholesale rice market is another such measure, intended to liberalize the rice market "from within." The timing of the resumption is significant; coming discussions with Japan's leading trading partners over the opening of the rice market to imports—liberalization "from without"—enter a critical stage.

According to the Food Agency of the Ministry of Agriculture, Forestry and Fisheries, the principal aim is to introduce market mechanisms into trading of what are called freely distributed rice brands. By doing so, the agency hopes that price levels reflecting supply and demand as well as the popularity of certain brands of rice will be established.

Currently, there is a glut of rice on the market, despite the decline in the acreage under cultivation. Rice consumption is falling faster than declining production.

Theoretically, liberalizing wholesale rice trading amid a market glut should lead to lower prices. It could also mean that only popular rice brands will survive. This should boost production efficiency, leading to supplies of high-quality rice popular with consumers at lower prices than at present, thus helping narrow the present price gap with overseas producers. Contrary to expectations, the new market opened with higher prices.

"Contract prices were so high that we couldn't even bid," complained a sales department manager from a leading rice wholesaler in Fukushima Prefecture. a senior official at a Kanagawa Prefecture rice wholesaler agreed, saying bids offered by other wholesalers were so high that he couldn't purchase any of the popular "Yukihikari" brand from Hokkaido.

The first trading day saw a mixture of losers and gainers in terms of prices for different rice brands. However, contract prices were at relatively high levels, despite a glut of 1989 rice and strong prospects that the 1990 crop will be a bumper one.

Despite the grumbling of some rice wholesalers, the newly created market is viewed by many as a significant step, allowing wholesalers and growers to engage in direct deals.

Seizo Yamazaki, chairman of Yamatane Corp., a major warehouse operator and rice products dealer, says, "There are some 280 rice wholesalers across the country, a number we expect to contract to about 50 groups in the near future."

Not just waiting for it to happen, his company acquired a midsized rice wholesaler in Gunma Prefecture in September. It was the first acquisition ever in Japan's rice industry.

Industry sources report that mergers and acquisitions are already afoot in Kyoto and Miyagi prefectures as well.

While the market liberalization was primarily intended to streamline distribution, it will likely affect the entire rice industry.

The USA Rice Council opened an office in Tokyo in the fall of last year. Officials seem confident that their PR campaigns have boosted the recognition of American rice in Japan. Since opening, the office has received about 5,000 inquiries, mostly from Japanese farmers wanting to learn about American ways of growing rice. Japanese farmers are seeking detailed information, in the apparent belief that liberalization of the domestic rice market is unavoidable.

James V. Parker, attache for agricultural affairs at the U.S. Embassy in Tokyo, is optimistic about the prospects. He interprets the establishment of the new wholesale rice market as the first step toward reforming the entire system controlling the production and distribution of rice in this country.

Sumitomo Settles U.S. Discrimination Lawsuit

OW0911153490 Tokyo JIJI in English 1256 GMT 9 Nov 90—FOR OFFICIAL USE ONLY

[Text] New York, Nov. 8 (JIJI PRESS)—Sumitomo Corp. of America has reached a provisional settlement with American male employees who had filed a lawsuit accusing that local workers were paid less and had less chance of promotion than their Japanese colleagues. The settlement is based on a pledge by the New York-based subsidiary of Sumitomo Corp., a Japanese trading giant, to implement drastic personnel system reforms, in a move which is expected to catalyze a general review of hiring and promotion practices among Japanese corporations here.

Sumitomo agreed to raise the basic salary of locally hired workers by a maximum 15 percent, Sumitomo officials said. It will also try to appoint up to 27 local people as

senior managers and up to 67 as medium-level managers, they said. It also promised to pay a minimum 1,500 dollars to employees who had been with the company at least 2 years as of the start of 1987 but were slow in getting a promotion and to improve executive training programs for local workers.

A final settlement, subject to a hearing by the New York Federal District Court on the views of some 80 male workers represented by two plaintiffs in the case, is expected by the yearend if things go smoothly. The provisional settlement involved the two plaintiffs only.

The case is expected to have a major impact on Japanese-affiliated corporations here, most of which send executives from Tokyo and offer them substantially higher salaries than locally hired employees.

ASDF Pilots To Train in U.S. From 1992

OW!211151990 Tokyo THE DAILY YOMIURI in English 11 Nov 90 p 1—FOR OFFICIAL USE ONLY

[Text] A shortage of mid-career Air Self-Defense Force [ASDF] pilots has prompted the ASDF to ask the Finance Ministry to fund an inaugural project to send pilot recruits to the United States for training, a Defense Agency official source said Saturday.

In the face of massive demand from private airlines who actively recruit ASDF pilots, the ASDF has requested that its budget for fiscal 1991 provide for 110 trainee pilots, over the current 90 trainees, said the source. However, 20 extra trainees would be impossible to accommodate at Hamamatsu Air Base, where the trainees undergo the final training stage before earning their wings, according to the source. Since there are no other appropriate places for the final test, it was decided that part of the training must be done outside Japan, most likely in the United States. Although the specific location has not been decided on, the ASDF hopes to send about 20 trainees a year from around 1992.

The recruiting of ASDF pilots by private companies became conspicuous around 1985. According to the ASDF Air Staff Office, the number of ASDF pilots who resigned grew from 18 in 1987, to 25 in 1988 and 30 in 1989.

The Defense Agency and the Transport Ministry have a gentlemen's agreement which stipulates that ASDF pilots cannot work for private airline companies until two years after their resignations, the source said. Instead, the agency instituted a system in 1987 whereby selected pilots were transferred to the three major airline companies as regular employees. A total of 25 ASDF pilots were employed between 1987 and 1989 under the system. Many ASDF pilots take employment tests at private airline companies to prepare for the two-year employment lull after their resignation from the ASDF, added the source.

Defense Agency To Review U.S.-Japan FSX Plan

OW1111183190 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Nov 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Defense Agency has decided to drastically review the Japan-U.S. joint development plan for the FSX (next-generation support fighter) for the Air Self-Defense Force to be implemented under the defense buildup plan that starts in 1991. The agency has decided to conduct a sweeping review based on the judgment that it is impossible to develop and deploy the FSX in line with the original plan that was formulated in 1987 after tough negotiations with the United States. Under the decision, the agency has firmed up plans to: 1) extend the development period by two years, 2) increase the total development costs from the original 165 billion yen to 270-280 billion yen, and 3) make up for the shortage of F-1 main-support fighters (about 20 jets) caused by the plan's delay with F-4 interceptor fighters, and purchase more F-15 interceptor fighters to make up for the shortage of F-4 jets.

The support fighters are operational aircraft to attack or repel invading enemy ships and ground forces. The FSX is a successor to the F-1. Three squadrons, or 54, F-1 fighters currently are operational. At first, the agency planned to develop the FSX independently, but it later decided to develop the FSX jointly with the U.S. side, based on the F-16 fighter produced by General Dynamics (GD) of the United States and out of consideration for relations with the United States. Taking into account that the F-1 fighters' lifespan lasts only until 1997, the agency made plans to start developing the FSX in 1988 and complete development in 1996, with the aim of deploying the FSX in 1997. For these plans, the agency estimated the total development costs at 165 billion yen in 1985 prices.

Between last January and April, shortly before the start of the joint development of the FSX, the U.S. Congress strongly criticized the FSX joint development plan and demanded a review of the plan; this resulted in delaying the start of joint development for one year. For this reason, the agency has decided to conduct a sweeping review of the schedule for the FSX's joint development. At first, the Japanese and U.S. enterprises involved in the FSX project planned to organize a joint designing team as the first stage of joint work during the last year. However, the team was not organized until late March 1990 because of delayed domestic procedures on the U.S. side. Later, various problems related to the joint development, including the method of technology transfer, surfaced. Deciding that "it is absolutely impossible to implement the joint development plan of the FSX as scheduled," the agency has decided to extend the joint development period by two years (according to a senior official of the Defense Agency).

The Japanese side was forced to raise the estimate of development costs by making concessions in the course

of defusing U.S. congressional opposition to the joint development. Specifically, the agency originally planned to consign the trial manufacturing and production of the FSX to Japanese enterprises but later assigned about 40 percent of the work to U.S. businesses after accepting the U.S. request. As a result, Japan and the United States have come to make "a dual investment" in the joint development of the FSX because they need to set up the same production lines and employ the same personnel. (The total development costs will be borne by the Japanese side). The original U.S. plan to transfer computer software used for flight control to the Japanese side for the joint development was scrapped in the face of the opposition from the U.S. Congress, which was concerned about the development of Japan's aviation industry. The agency pointed out that, as a result, we need to develop the software on our own. The agency also explained that "it is unavoidable that we must increase the development costs to more than 250 billion yen in 1985 prices."

Structural Reform Talks Affect Industrial World

912A0018A Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Oct 90 p 10—FOR OFFICIAL USE ONLY

[Text] The follow-up meeting of the U.S.-Japan Structural Impediments Initiative [SII] talks will be held on 15 and 16 October in the United States. Both governments will discuss the state of implementation of the structural improvement measures which were embodied in the final report of June 1990. They will examine how industry and the business world are dealing with such issues, as the practice of exclusionary transactions and *keiretsu* [integrated deals], which the United States is seeking to revise, and they will determine the present state of affairs.

Integrated Deals

The major trading companies, which had been the victims among the business groups, are keenly concerned as to "what sort of pressure the United States will exert at the coming follow-up meeting." Although the "investigation of business groups, centering on the general trading companies, by the Fair Trade Commission" and the "guarantee of the transparency of the company presidents' club" are covered in the final report, at this time there is no definite approach by the Fair Trade Commission. The company presidents' club is merely a place for discussion, and the various trading companies believe that even with the relationship of transactions, there is no strong binding power as that which exists between the vertically integrated manufacturer and the subcontractor.

In the final analysis, the situation is one of haziness as to the aims of the United States. In this respect, it is viewed that in all probability some concrete demands will be made during the follow-up meeting. The six major trading companies have established a study group at the Japan Foreign Trade Council, Inc. (president: Yohei Mimura) and it is at the stage of collecting information for a "rebuttal."

As for the "integration" issue in the automobile industry, the place for settlement of the issue on automobile parts has already been transferred to MOSS (Market-Oriented, Sector-Selective). What is likely to be taken up at the follow-up meeting is the manufacturer classification monopoly system of the automobile dealers. With the restraint in sale of U.S. cars in Japan as the reason, the United States has been seeking improvements.

On this matter, the industry has for some time rejected the demands of the United States with the attitude that "the manufacturer has never instructed or forced monopoly sales on the dealers," as stated by Toyota Motor Co. But from September, the Honda Motor Co. began marketing a multipurpose vehicle manufactured by Chrysler Motors of the United States, and such movements have begun to appear as concessions to the friction.

Bid Rigging

The patronizing associations of the construction companies, which have been marked as the "bid rigging organizations" in the industry by agencies, such as the Fair Trade Commission, have successively disbanded since July of this year. This is because the pressure exerted by the Fair Trade Commission, as a result of U.S. demands to eliminate bid rigging, and the perception that "even the construction industry must assume a composition that would be honored by the international society," as stated by Hajime Sako, president of the Japan Federation of Construction Industry Organizations, had spread, principally among the major general contractors.

Movements of reform have been observed even with the system of private tenders on public works, which is said to be the hotbed of bid rigging. In order to operate the bidding system with more flexibility, a government and private sector consultation council, consisting of ranking officials of the Construction Ministry and the industry, was inaugurated in September, and its purpose is to study the possibilities of such activities as liberalizing the formation of joint ventures or introducing private contracts. The council is scheduled to coordinate the opinions by March 1991.

Rebates

The food industry is moving towards simplifying the subject of rebates which has been pointed out to be hazy. "Hereafter, we shall establish standards that would meet the present conditions of business practices, such as the issue of the desired retail price system or frequent small-lot deliveries," as stated by an Ajinomoto official.

There are various kinds of diverging rebates, such as the "contract rebate" which is paid once or twice a year depending on the annual amount of transactions; the

"bonus rebate" which is paid when the chain store achieves the sales goal; the "special sale rebate" and the "reimbursing subsidy," which is aimed at the rationalization of money collection.

Formerly, the bonus rebate and special sale rebate were predominant, but because the manufacturers spent lavishly with slipshod accounting, vagueness was apt to be the result. For this reason, now the various companies prefer to deal principally with contract rebates, which are based on the sales performance of the chain stores, and they have continued to negotiate with the chain stores.

Premiums and Advertisements

The biscuit and chewing gum industries will be the last to be considered for the "relaxation of controls on premiums," and complete relaxation of nine items by the end of October is forecast. In the final report, Japan specified that "these provisions be executed as soon as possible within the year," but the "agreement" with the United States was completed.

The biggest focus with the premium issue was on chocolates. At the request of the major U.S. chocolate manufacturers, the U.S. Government made its strongest demand on this item. In deciding to relax the controls, the maximum amount that can be used for an open prize subscription, even if the merchandise is not purchased, has been raised from Y500,000 to Y800,000.

When the relaxation of controls on chocolates took place in July, the Swiss-affiliated (Yakobusu) Suchard (main office in Tokyo) immediately began issuing prizes, such as the "Y800,000 gift certificate present," that followed the new guidelines. It can probably be said that to the overseas manufacturers, who have maintained that "controls on premiums are barriers toward doing business in Japan," marketing has been made easier.

As for lifting the ban on "ads with coupons," which had been demanded by the United States, the industry's rule, which had been petitioned for by the Japan Newspaper Association (president: Yosoji Kobayashi), was approved by the Fair Trade Commission and went into effect from October.

However, there is no movement by the advertising industry to create a new section to oversee this activity. But because use of coupons has been rather premature, indications are that a "thorough understanding of their use by consumers and newspaper readers has not been accomplished."

Physical Distribution and Shipping Charges

As for the relaxation of controls pertaining to distribution, such as truck transportation, movements occurring successively appear to be declining in the land transportation industry. From December, the government will enforce two laws on physical distribution (the Cargo and Vehicle Transportation Law and the Transportation Management Enterprise Law), which include the liberalization of freight charges and the relaxation of regulations on participation, but before the enforcement of the laws, the various land transportation companies applied for an increase in freight charges as cross freight.

This meant that the range of freight increases was 9.1 percent for "truck freight by zone" when sending by consignment within a fixed zone and 8 percent for "truck freight by route." This freight increase is the first in five years, since 1985.

As for the entry of new foreign industries, the general sentiment is "Their entry will be impossible for quite some time because of the shortage of truck drivers."

Soviet Union

USSR's Lukyanov on Territories, Reorganization

OW1211141590 Tokyo JIJI in English 1338 GMT 12 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 12 (JIJI PRESS)—Supreme Soviet Chairman Anatoliy Lukyanov Monday expressed hope that Japan and the Soviet Union will resolve their territorial dispute and other issues in order to work out a bilateral peace treaty. Japanese and Soviet officials have been discussing very complex issues including a definition of the Japan-Soviet border at ongoing working-level talks and it is hoped the talks will generate fruitful results, Lukyanov said in an interview here with JIJI PRESS.

Lukyanov said that although the Japanese Government has a different view, Moscow's stance is that the border problem should be resolved in the historical context and in accord with international agreements after World War II. This suggests that the Soviet Union, at least for now, has no intention of returning four Soviet-held northern islands claimed by Japan.

But he also noted that with the Cold War ending, Japan-Soviet relations should be looked at from a fresh angle. Substantial progress in bilateral ties is expected during Soviet President Mikhail Gorbachev's visit to Japan next April, he said.

On possible forms of Japanese cooperation to support Gorbachev's perestroyka reforms, Lukyanov pointed to financial support for Moscow's external debt servicing, boosting imports of consumer goods, modernizing light industries and food businesses and staff training in the economic sector. These assistance measures will be necessary for the Soviet Union to tide over a difficult transitional period before establishing a market economy system, Lukyanov said.

Lukyanov confirmed a recent news report that Moscow is considering creating a federation system giving affiliated republics equal status to that of the central government.

According to Lukyanov, Gorbachev plans to submit to the Supreme Soviet in mid-November a draft of a new pact with the republics on the federation system. The Supreme Soviet will later send it to the republics for re-examination. The Soviet Union will then consider whether to change the Constitution, he noted.

The news report also said the Congress of People's Deputies will be replaced by a two-chamber federal congress and the new post of vice president will be created. Lukyanov only said the fate of the existing congress will be decided if and when the Constitution is revised. There will be no change in Gorbachev's presidency, he added.

Government Revises Stand on Aid to USSR

OW1511130290 Tokyo YOMIURI SHIMBUN in Japanese 15 Nov 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] On 14 November the government decided to be flexible in dealing with economic aid to the Soviet Union, revising its basic posture "to provide no financial assistance so long as the northern territories issue is not resolved." Japan manifested this posture at the Houston summit (of advanced nations) last July.

As a first step, Japan will extend its first gratuitous financial assistance to the Soviet Union (approximately 2 billion yen in emergency medical aid). This will be earmarked in the draft supplementary budget for fiscal 1990.

The shift to a flexible stance was prompted by the following judgment: 1) With the Middle East crisis as an occasion, the U.S. Government, which has hitherto assumed a hardline position toward the Soviet Union, is softening its posture; 2) it is necessary to support President Gorbachev, whose power base is shaking due to economic stagnation and commodity shortages. As a result of the change of posture by Japan and the United States, there now is a possibility of progress to be shown in financial assistance to the Soviet Union.

The victims of the Chernobyl nuclear power plant accident, who are being seriously affected by the shortages of medical supplies, will be the main beneficiaries of the emergency aid. This is because, although the victims number as many as some 500,000, medical supplies have become extremely scarce as a result of serious shortages of goods in the Soviet Union.

The Japanese side will announce this plan to the Soviet side at Japan-Soviet working-level consultations between officials in charge of policy planning, scheduled to be held in Moscow in early December.

The gratuitous financial assistance, the Finance Ministry insists, is "strictly an extension of conventional personnel and technical assistance." The ministry says that full-dress financial assistance to the Soviet Union requires a political judgment, and this judgment will be made after the results of Soviet economic surveys now under way by the International Monetary Fund (IMF) and other organizations are known.

The gratuitous financial assistance will be the first case. A Foreign Ministry source defines it as "a breakthrough for a policy shift in Japan's economic policy toward the Soviet Union."

A request for emergency medical supplies was presented to the Foreign Ministry by Soviet Ambassador to Japan Lyudvig Chizhov. In addition, USSR Supreme Soviet Chairman Anatoliy Lukyanov, who visited Japan to attend the emperor's enthronement ceremonies, made an appeal when he met with Japan Socialist Party Chairwoman Doi on 13 November.

In response, the Japanese Government is taking a bold step to provide grant aid, arriving at the conclusion that, with the Soviet president's visit to Japan set for coming April, it is necessary to consider the economic confusion and other domestic circumstances in the Soviet Union.

At the Houston summit, a consensus was not reached among all the seven advanced nations, as Japan and the United States opposed economic assistance to the Soviet Union; the European nations favored it.

Since the summit, however, the European Community (EC) has strengthened its positive stance toward financial aid; France and other countries have decided to extend economic aid; and even the United States has softened its attitude in recognition of the Soviet cooperation in the Gulf crisis. As a consequence, there was a strong possibility of Japan's being isolated had it continued its hardline posture.

USSR Seeks Cooperation, Aid in Oil Production

OW1111114590 Tokyo ASAHI SHIMBUN in Japanese 10 Nov 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Text] Japanese enterprises are expected to participate in oil exploration and oil field reconstruction projects in the Tyumen oil fields, which produce about 60 percent of Soviet oil. On 9 November the Soviets asked such major Japanese enterprises as C. Itoh, the Marubeni Corporation, and the Nissho Iwai Corporation to cooperate with the Soviet Union in oil exploration, oil field reconstruction, and pollution prevention projects in the Tyumen oil fields. Japanese enterprises are currently examining possible participation in the proposed projects. A Japan-Soviet joint venture, which has already started a drilling project in the region, plans to undertake a joint drilling project with Japanese partners, to be selected from such major Japanese enterprises as Mitsui and Mitsubishi. With President Gorbachev scheduled to visit Japan next spring, Japanese enterprises are considering participation in large projects in the Soviet Union; they are highly likely to join oil projects because their

acquisition of crude oil import rights can contribute to diversifying sources of Japan's oil imports.

The Tyumen oil field covers a wide area of western Siberia on the Barents Sea; the Samotrol oil field and the Feudrovsk oil field are located in the region. Production from existing fields is dropping because of their outdated production facilites. In addition, they cannot afford to import production equipment and machinery because of foreign exchange shortages. Furthermore, Soviet technology fails to prevent pollution of rivers as new oil fields are developed. All these factors taken together contribute to the decline in Soviet oil production.

Departments in charge of oil development in four key cities, including Tyumen and Nizhnevartovsk, in the Tyumen oil fields asked Japanese enterprises to participate in the projects. Some Japanese enterprises had offered their cooperation to the Soviets before the Soviets made the latest request. Cooperation from Japanese enterprises sought by the Soviets is believed to include: 1) replacement of old equipment, including drilling equipment; 2) development of oil fields currently unproductive because of the current tight money supply; 3) pollution prevention project; and 4) improvement of infrastructure like pipelines and roads.

Japanese enterprises are saying that they "have just been approached by the Soviets," (according to C. Itoh). However, several Japanese enterprises are surveying the oil fields; they are highly likely to respond to Soviet requests if certain conditions are met. Juro Container Transport (President: Kei Miyamoto; head office in Yokohama), an international cargo transport company, has already set up a joint venture with Soviet oil and gas corporations in Nizhnevartovsk, southeast of the Tyumen oil fields. The Japanese company has invested 30 percent of the total initial capital for the joint venture, which intends to sell oil from the Samotrol oil field, which is regarded as a promising field with final test wells to be completed next spring and from parts of the Solominskov oil field. "The Japanese company is negotiating with Mitsui Company and Nippon Yusen under Mitsui and Mitsubishi and other major enterprises to select its partners this year," (according to President Miyamoto).

The Soviet Union, the world's leading oil producer, has a good opportunity to earn foreign currency because of sharp rises in oil prices in the wake of the Gulf crisis. However, they fail to take advantage of the opportunity because of reduced oil production. Therefore, the Soviet Union needs to improve productivity in the Tyumen oil fields to increase foreign currency earnings. Participation of the Japanese enterprises in the Tyumen oil fields can help diversify Japan's oil imports and provide a firm foothold for making business inroads into the Soviet Union. When the Ministry of International Trade and Industry made an initial survey to formulate plans for Japanese assistance to the Soviet Union in late September, some Japanese enterprises disclosed their plans to cooperate with the Soviet Union in developing the oil fields.

Increase in Soviet Deferred Payments Noted

OW1011052590 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Nov 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Text] A senior Foreign Ministry official disclosed on 7 November that the Soviet deferred trade payments to Western countries amounted to a total of 2.6 billion rubles (or approximately 200 billion yen). The official said that he obtained this information during a meeting with a leading member of a Soviet economic organization in Moscow and that the Soviet arrears to Japan had amounted to 60 billion yen. This is the first time that the total amount of Soviet arrears in trade was revealed.

It is said that the Soviet Union has fallen behind in its payment because of small- and medium-sized enterprises. When they were allowed to make direct trade with foreign nations as a result of economic reforms, they abruptly increased their imports without a sufficient increase in foreign exchange. The leading member stated: "The number of authorized trading enterprises in the Soviet Union has increased to 21,000. These enterprises have problems, however, in controlling their foreign exchanges and are short of funds for settling accounts with foreign countries."

The Foreign Ministry official also noted that the settlement of trade accounts is one of the major objectives of financial support for the Soviet Union by such European countries as Germany, France, Spain and Italy. He said: "Each European country has obtained a Soviet commitment to use a certain amount of its loans for settling its deferred payments with each respective nation."

The issue of Soviet arrears to Japan was brought up as the major topic of discussion during the two days of the Japanese-Soviet trade and economic consultations held in Moscow which began on 31 October. At the consultations, the Japanese side requested that the Soviet Union improve the settlement of this issue at an early stage. Since the Soviet Government plans to strengthen its control over foreign exchanges, it has conveyed to the Japanese side its plan to study concrete measures to improve the settlement of this issue by the end of the year.

It is believed Soviet foreign reserves have increased because of the recent oil price hike caused by the Gulf crisis. The leading member said that the Soviet Union's oil production this year is expected to drop, however, by 20 percent as compared with that of 1989 (since oil production has decreased because of outworn facilities). Since the Soviet Union's oil supply can barely meet its domestic oil demand, it has no surplus oil for export to earn foreign exchange.

Soviets Seek Help in Reviving Oil Production

OW1011003990 Tokyo JIJI in English 1430 GMT 9 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 9 (JIJI PRESS)—The Soviet Union has asked Japanese trading companies for financial and technological assistance in boosting oil production in the Tumen oilfields, western Siberia, trading industry sources said Friday. The program for improving facilities to increase oil output there is expected to cost several tens of million dollars, they said.

Some of the trading houses have given positive considerations to the request and asked U.S. oil exploration companies to estimate costs, although others are carefully studying the request, they said.

The Soviets have also made similar requests to European and American companies, the sources said.

As tensions are growing in the oil-producing Middle East to endanger stable oil supply, Japanese, European and American firms could compete for winning contracts for the Soviet program in a bid to get new oil supply sources.

The Tumen oilfields account for about 60 pct of the Soviet Union's oil output. But production there has peaked out with facilities outmoded, forcing the Soviet Union to see its overall oil output in 1989 falling by 15 million tons from the previous year to about 610 million tons.

The sources said production has remained suspended at many wells of the oilfields with facilities waiting for overhauling. Oil-drilling and other machines are outmoded, and pipelines and other equipment are short of demand, they said. The Soviets have sought financial and technological help in solving these problems, the sources said.

Some trading companies have been asked to purchase condensate being turned out at the oilfields, they said.

Other Countries

Body of Drowned 'North Korean Agent' Discovered

OW1011040490 Tokyo SANKEI SHIMBUN in Japanese 7 Nov 90 Evening Edition p 10—FOR OFFICIAL USE ONLY

[Text] A small boat appearing to belong to North Korea (the DPRK) drifted ashore on the coast of Mihama Township in Fukui prefecture on 28 October. Since a table of random numbers and a chart of character conversion were found on the boat, the Fukui Prefectural Police Department [FPPD] has been searching the area around the small boat as well as the coastal areas. As a result of the search, the body of a drowned man was found near breakwater blocks about 50 meters from the coastline on 6 November. Considering the body to be that of a North Korean agent, the FPPD is now checking the dead body.

It was around 0600 on the morning of 28 October that the small boat believed to be a North Korean spy boat was found. The name and nationality of this wooden boat, which is 8.8 meters in length, 2.7 meters in width, and 0.9 meters in depth, are not known yet.

Found onboard the boat were a telegraph key for sending out the Morse code, a table of random numbers, a chart of character conversion, a chart of abbreviated words, and an illumination light bulb with Hankul characters inscribed on it. Written in the Hankul characters on the chart of character conversion are such phrases as "Great Leader Comrade Kim Il-song." Under such circumstances, the National Police Agency and the FPPD decided that the boat belonged to North Korea, and started further investigations of the boat and a search of the coastal areas.

As a result, the body of a drowned man was found within the breakwater blocks located about 50 meters from the coastline on the afternoon of 2 November. An autopsy has indicated that the man is about 20 to 30 years of age with a height of 158 meters and a weight of 53.1 kilograms; that the man died from drowning; and that the man must have been dead for less than three weeks. Two shirts and a purple sweater were put around the man's neck. Since no Japanese has been reported missing along this coastline, the FPPD has intensified its belief that the man must be one of the North Korean agents who were sailing on the small boat.

Moreover, a red pocket notebook with the pictures of North Korean President Kim Il-song and Secretary Kim Chong-il, a dark blue jumper, a pair of trousers, a sweater, and a life jacket were found along the coastline about 600 meters west of the small boat; also found along the coastline about 400 meters east of the boat was a rubber boat and oars.

According to recorded observations, it was noted that strong winds and high waves hit the coast from 26 to 30 November. In this connection, the FPPD believes that it was quite possible that the agent was thrown into the water when his small boat overturned.

In general, when agents have attempted to smuggle themselves into Japan, four to six agents are put on a small boat that has been detached from the mother ship, and two or three of these agents actually go ashore. The FPPD believes that aside from the drowned agent, several other agents were either drowned or landed on Japan's shore. In view of the articles left behind, it seems quite possible that at least one agent has landed ashore.

Nakayama Confirms Plans To Visit PRC in Jan

OW1611101790 Tokyo ASAHI SHIMBUN in Japanese 16 Nov 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] Foreign Minister Nakayama on 15 November confirmed his intention to visit China in early January next year for talks with Chinese Foreign Minister Qian Qichen. Chinese Deputy Premier Wu Xueqian visited Japan to attend the enthronement ceremony and met with Foreign Minister Nakayama on 12 November. At the meeting, the Chinese deputy premier invited Foreign Minister Nakayama to visit China. This invitation has prompted Foreign Minister Nakayama to firm up his intention to visit China. The Foreign Ministry has begun adjusting his schedule with the Chinese side through diplomatic channels. Foreign Minister Nakayama plans to urge the Chinese side to further promote the reform and open-door policies and to patch up and rebuild Sino-Japanese relations remaining soured since the Tiananmen incident.

Regarding ministerial-level exchanges between Japan and China, a ban on exchanges with China under sanctions, adopted at the seven major industrial nations' summit talks in the wake of the Tiananmen incident, has not yet been completely lifted. For this reason, only Education Minister Hori attended the Asian Games held in Beijing in September this year. The government had to ask the education minister not to contact Chinese leaders during his stay out of consideration for European nations and the United States.

China went along, however, with UN-imposed sanctions against Iraq and was prepared to cooperate with Western nations. For this reason, the Foreign Ministerial Council meeting of the European Community (EC) held in October affirmed plans to promote personnel exchanges and economic cooperation with China on a phased basis and also decided to lift some of the sanctions.

Under these developments, the government, at the 2 November cabinet meeting, formally decided to unfreeze the third yen-based loan to China and judged this was the time to work vigorously for rebuilding closer Sino-Japanese relations.

Foreign Minister Nakayama will be the first Japanese foreign minister to visit China since the (then) Foreign Minister Uno visited China in May 1988.

Qingdao Mayor Seeks Increased Investment

OW0911020990 Tokyo JIJI in English 1322 GMT 8 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 8 (JIJI PRESS)—Qingdao Mayor Yu Zhengsheng Thursday sought greater Japanese investment in his city in China's Shandong Province, particularly in the electronics sector.

Yu said one-third of the city's trade is with Japan. But the 23 joint ventures being operated by Japanese concerns are fewer than those backed by other nations, and all of them are small food-processing and plastic-processing firms, he said at a press conference here.

Infrastructure in Qingdao has witnessed a major improvement, partcularly in communications facilities and electric power supply, Yu emphasized.

He also said he held talks with officials of the Transport Ministry and All Nippon Airways (ANA) on opening a direct air route between Japan and Qingdao.

PRC Ships Reportedly Observe Defense Exercises

OW0911045590 Tokyo TOKYO SHIMBUN in Japanese 7 Nov 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] It was learned on 6 November that Chinese Navy ships appeared near the site of the naval exercise for fiscal 1990 conducted by the Marine Self-Defense Force (MSDF) last month and attempted to gather intelligence. This was disclosed by MSDF Chief of Staff Sakuma at a news conference held the same day. He said it was the first time Chinese vessels were discovered collecting intelligence during MSDF exercises since they began in 1953.

According to the Maritime Staff Office, the Chinese ships appeared in waters around the Nansei Islands and the Ogasawara Islands. Their presence was confirmed by MSDF warning equipment, including P-3C antisubmarine patrol airplanes. Two Chinese vessels, believed to be on an intelligence-gathering mission, were spotted on several occasions during the exercise from 2 to 9 October. At that time, the MSDF also conducted joint exercises with U.S. warships, including an aircraft carrier, in the area. Moreover, the MSDF noted that Soviet intelligence vessels and larger reconnaissance aircraft were present throughout the exercise.

Lee Kuan Yew on Cambodian Issue, Peace Bill

OW1411221290 Tokyo ASAHI SHIMBUN in Japanese 13 Nov 90 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Report on an "exclusive" interview with Singaporean Prime Minister Lee Kuan Yew by an unidentified ASAHI SHIMBUN reporter in a Tokyo hotel on 12 November]

[Text] Singaporean Prime Minister Lee Kuan Yew, who is visiting Japan to attend the emperor's enthronement ceremony, granted an exclusive interview to YOMIURI SHIMBUN at a Tokyo hotel on 12 November. On the Cambodian issue, he stressed again that it was necessary to form a comprehensive peace plan by involving the Pol Pot faction in the process. He added, "We have to give them a constructive role" even after a general election is held under UN supervision. Moreover, regarding

Japan's move to draw up a new bill to allow participation in UN peacekeeping activities, after the withdrawal of the UN Peace Cooperation Bill, Mr. Lee said that "the Asian nations that experienced Japan's militarism cannot help becoming nervous." He then called on Japan to display a prudent attitude in handling the new bill.

Efforts are being made, centered around a UN Security Council peace proposal, for a political settlement of the Cambodian issue. In this connection, Prime Minister Lee said: "The biggest problem is how to treat the Khmer Rouge (Pol Pot's faction). They may win 15 to 25 percent of the votes if a fair election is held. Regardless of which faction wins the election, we must be broad-minded and accept the fact that they are Cambodians, too." Thus, he stressed that a "constructive role" also should be given to the Pol Pot faction.

On security in the Asia-Pacific region, Prime Minister Lee said that it is "inevitable" that the presence of the United States will be relatively weakened in the future. Thus, he stated that "realistic coordination by other nations, including Japan, will become necessary."

He warned, however, that at the same time "Japan should contribute to the promotion of peace rather than trying to establish Pax Japonica (peace by Japanese power)." Regarding Japan's actions on the proposed UN Peace Cooperation Bill after the outbreak of the Gulf crisis, he said: "In Asian nations, people always feel uneasy about the possibility that the young generation in Japan, which has no experience of war, may start again (to seeking supremacy)." Thus, he called on Japan to pay attention to the concerns of Asian nations.

On the future of the Association of South-East Asian Nations (ASEAN), he stated: "Each nation has fully become a member of the world trade partnership in the past five to six years. We will be achieving significant transformations after 20 years if we continue to develop peacefully." Thus, he pointed out a possibility that ASEAN may become an influential economic community that will equal the European Community.

Goh Chok Tong Supports U.S. Military in Asia

OW1711083290 Tokyo YOMIURI SHIMBUN in Japanese 14 Nov 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Report on "exclusive" interview with Singapore First Minister of Defense Goh Chok Tong by YOMIURI SHIMBUN reporters Osamu Kiyomoto and Junichi Hasegawa "recently"; place and date not given]

[Text] Singapore, 13 Nov—Goh Chok Tong (49), Singaporean first deputy prime minister and defense minister, who will succeed Prime Minister Lee Kuan Yew on 28 November, recently granted an exclusive interview to YOMIURI SHIMBUN. Prime Minister Lee has held his post for a long time, since (1965). Regarding a U.S. plan to reduce its military forces in Asia, he said: "A withdrawal of U.S. forces may instigate the major Asian nations to build up their forces. Such a withdrawal also may bring instability to Asia and possibly lead to a dangerous competition for supremacy." Thus, he stressed that the continuous presence of U.S. forces is indispensable for the region's stability and development.

Regarding Prime Minister Lee, Mr. Goh said that he is "a prominent person enjoying international prestige." While making (a comparison with boxing), he stated: "I am neither a Tyson nor a Douglas, who defeated the former. My duty is to keep flying the airplane (Singapore), which is cruising smoothly, and to lengthen its flying distance into the 21st century." Thus, he explained his plan to seek a new style that suits the new generation on a basis of the line that has been maintained so far.

Moreover, referring to the changes in the Soviet Union and East Europe, Mr. Goh said that "the world has entered a period of peaceful and cooperative competition." On security in Asia, however, he said that "presence of U.S. forces is indispensable for the prosperity of the region." In this connection he disclosed that Singapore has decided to assume part of the functions of the U.S. bases in the Philippines.

Moreover, regarding the new concept the Soviet Union has put forward for security in Asia, he said that "the time is not ripe yet." He added that a plan designed to create a mechanism for the region's security also is "facing difficulty because of the competition for power and influence." On the Cambodian issue, he said: "Each member nation of ASEAN will be prepared to extend economic aid for reconstruction should a comprehensive and peaceful settlement be realized. Our country also is ready to actively provide aid to various nations, including Vietnam, (which has no diplomatic ties with us)."

Political Affairs

Kaifu Rules Out Cabinet Reshuffle in 1990

OW2011142890 Tokyo JIJI in English 1331 GMT 20 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 20 (JIJI PRESS)—Prime Minister Toshiki Kaifu Tuesday made plain that he will not reshuffle his cabinet within December due to the tight political schedule toward the end of this year.

Kaifu told reporters that he has asked leaders of the ruling Liberal Democratic Party (LDP) to cooperate with his current cabinet over the year-end political work including budget compilation.

Kaifu's apparent ruling out of a cabinet reshuffle within this year came against some LDP members' argument that the cabinet should be shaken up before the budget preparation rather than early next year so that the cabinet ministers responsible for the budgetary work

could respond to Diet (parliament) interpellations after a year-end and New Year recess.

But Kaifu left open the possibility of carrying out a cabinet reshufle in February, saying he cannot say anything about it and has yet to make any decision on the matter.

LDP Proposes To Reduce Seats in Lower House

OW1211005490 Tokyo THE JAPAN TIMES in English 11 Nov 90 p 1—FOR OFFICIAL USE ONLY

[Text] The ruling Liberal-Democratic Party [LDP] announced an outline of political and electoral reform plans Saturday that call for reducing the number of seats in the House of Representatives from 512 to 471. The draft also calls for introduction of a combined single-seat constituency and proportional representation system for elections to the lower house.

The draft was drawn up by the party's Electoral System Research Committee, headed by Tsutomu Hata, and the Political Reform Headquarters, led by Masayoshi Ito.

The party leadership plans to finalize political and electoral reform programs based on the draft by Nov. 29, the centennial of the Diet's founding.

Criticism expected

The draft, however, is expected to draw strong criticism from junior party members, who fear they will lose their seats in the face of the intensified competition that would follow introduction of single-seat constituencies.

According to the draft, 300 seats would be allocated for the single-seat electoral districts and the remaining 171 would be chosen under a system of proportional representation. Votes cast to elect candidates in single-seat constituencies would count for the political parties to which the candidates belong. The number of votes won by the candidates from a party would determine how many seats that party gets under the proportional representation system.

This kind of voting system is regarded as advantageous to large political parties while making it difficult for smaller ones to gain seats. In addition, votes cast for independent candidates would not be used in the proportional representation system, political analysts noted.

Separate proposal

An advisory panel to Prime Minister Toshiki Kaifu, the Election System Council, recommended in late July a mixture of single-seat constituencies and proportional representation for lower house elections and a reduction in the number of seats from 512 to 501.

Under the government panel's draft, however, voters could cast two ballots—one for candidates running in single-seat districts and one for political parties to elect representatives in the proportional representation system.

Under the current system of multiple-seat constituencies, three to five candidates are elected to the lower house in each electoral district.

The system is often criticized as requiring candidates to raise excessive amounts of money because members of different factions of the same party often compete against each other for the seats.

* Report Lists Main Political Contributors

902B0261A Tokyo MAINICHI SHIMBUN in Japanese 14 Sep 90 p 3—FOR OFFICIAL USE ONLY

[Text] Contributions made from the economic world to the Liberal Democratic Party [LDP] are donated all at one time through the National Political Association, after the Federation of Economic Organizations determines the amount of money by looking at the achievements of each industry and corporation. The LDP makes no comments at all on the amounts determined for each industry and corporation. This was the rule fostered between the economic world and the LDP for many years. However, it is said that the LDP last fall stepped beyond this gentlemen's agreement and demanded that major corporations increase their contributions, and even that they mobilize contribution limits of their affiliated firms; and the Political Fund Revenue and Expenditure Report clearly backs up the response of the corporations to the LDP's request.

For example, a major electrical machinery industry company, Sony, with its head office in Shinagawa-ward in Tokyo, has increased its contribution to the National Political Association by 9.5 times that of the previous year, utilizing its affiliated firms. The breakdown is: Sony, 77.5 million yen; the sum of 12 affiliated firms, 160 million yen. The amount given by the group as a whole was 237.5 million yen. Moreover, a large part of the contribution was concentrated in December, right before the general election.

Sony's contribution to the National Political Association in the previous year (1988) was 25 million yen. There was no contribution by the affiliated firms exceeding 10,000 yen. But, among contributions in 1989, Sony made contributions of 10 million yen each in March and July; furthermore, it paid 32.5 million yen on 15 December and 25 million yen on the 28th of the same month. On the other hand, as far as the affiliated firms go, besides the fact that Sony Chemical made a contribution of 25 million yen on 19 December, 11 firms made contributions ranging from 7.5 million yen to 15 million yen in the period from the 8th to the 19th of the same month.

The current Political Fund Control Law puts a ceiling on corporate contributions according to their capital. Sony's capital is 99 million yen. But calculations shows

that it has made contributions of 2.4 times the limit, having used the limits of each of its affiliated firms.

According to the Federation of Economic Organizations, the additional contributions utilizing affiliated firms were the ones that the National Political Association asked the industrial world and corporations to make in cooperation with the LDP's request. A Federation of Economic Organizations executive says, "Other corporations and other industries are also responding to the LDP's request." The construction industry also made massive additional contributions in December. The amount of the contributions by the top five contributors to the National Political Association during December were: Takenaka Engineering Works, 32.55 million yen; Kajima Corporation, 14.5 million yen; Ohbayashi-Gumi, Ltd., 25 million yen; the Shimizu Construction Co., Ltd., 21.45 million yen; Kumagai-Gumi Co., Ltd., 20 million yen. Among other major corporations, most of them also made contributions of 10 million to 25 million yen during the same month.

As a result of this, corporations and industry organizations making political contributions over 20 million yen, including constributions to Seiwa Association, when combined with the real estate industry have doubled from 14 to 29 since the previous year. The five major corporations' annual contribution amount has swollen to 1.6 times that of the previous year.

Above and beyond this, each city bank made contributions of around 25 million yen to the National Political Association in early December.

Classified By Industry, Banks Are First

Contribution amount rankings classified by industry were the same as the previous year: first are banks, and second comes the construction/real estate industry. Rising to third place is the previous year's sixth ranking electrical/communication industry, and the automobile industry, ranked third the previous year, stepped back to fifth.

This ranking is made up of such corporations as businesses and industrial organizations that made contributions totaling 20 million yen in 1989. The number of corporate bodies has increased from 31 organizations in the previous year to 48 organizations, and the amount of contributions was 6.8 billion yen, equivalent to 64 percent of all corporate contributions that the National Political Association and Seiwa Association collected.

As for contribution amounts, the first-ranking banks paid 1.98 billion yen, 31 percent more than the previous year. In second place, construction/real estate businesses paid 1.1 billion yen, 113 percent more. Third, electrical/communication businesses showed a growth of 35 percent.

Ratio Of Contributions Exceeding 20 Million Yen Annually Classified By Industry (Due to rounding, the total ratio is not 100 percent) (the numbers are in percentage)

Industry	Percent
Banks	29.1
Construction/Real Estate	15.2
Electrical/Communication	7.1
Steel/Metal	6.5
Automobile	6.4
Commercial Firms	5.7
Insurance	5.2
Securities	4.2
Others	14.7
Labor Unions	5.7
Total Contribution (148 organizations)	6.8062 billion yen

Majority Under 1 Million Yen; No Free Disclosure By Prime Minister Kaifu's Affiliated Organizations

According to a report submitted by Prime Minister Kaifu's affiliated political organizations, the prime minister's total income last year, excluding a reserve carried from the previous year, remained 69 percent of the previous year, or 229.16 million yen. This seems to be due largely to the fact that he could not hold the fund-raising parties that he had depended on up to the previous year for one-half to seven-tenths of his political fund.

Moreover, as for contributions to the prime minister, as in the previous year, contributions of under 1 million yen, whose source is not required to be disclosed, make up the majority.

Among the contributions, in which primary contributors are found, a private contribution of 4.5 million yen was made by a local supporter; and contributions from political organizations as well only total 11 million yen, including 2 million yen from the New Institute of Policy Research, the Komoto faction's political organization. The percentage that these contributions occupy in the total income is 6.8 percent, and the level of disclosure can be said to be extremely low. Although there are some Diet members who freely disclose the contributors even in the case of contributions under 1 million yen annually, it seems that the prime minister didn't intend to disclose the donors of "petty" contributions, which while not a legal obligation, would have set an example; at the same time, he strongly appeals for the establishment of ethics in politics.

The political organizations affiliated with the prime minister that have notified the Ministry of Home Affairs include five organizations such as the "Toshiki Kaifu Policy Research Society," and the "New Institute of Political And Economic Research." Among these, the "School Education Research Society" and the "City Problems Research Society" were dissolved in October

1989. Concerning the revenue items of the five affiliated organizations, corporate contributions account for 67 percent of the total amount, with 154.56 million yen. However, all of them are the ones under 1 million yen annually, and none of the names of the corporations has been disclosed. Because it is also not evident when the contributions were made, it is not clear how the prime minister's inauguration has influenced the increase in the contribution amounts; yet, a prime minister's secretary official admits, "Contributions definitely increased after the inauguration."

As for private contributions amounting to 40.1 million yen, ones that the prime minister himself has received as an "individual" and has "donated" to the Toshiki Kaifu Policy Research Society account for eight-tenths of the amount, or 32.58 million yen; and the names of these contributors has been kept under wraps in the same way corporate contributions have been. Furthermore, money from unidentified contributors makes up a big part of the political organization contributions, totaling 34.3 million yen.

On the other hand, as expense items, Kaifu donated from 1 to 2 million yen each, or a total of 13 million yen to ten Diet members and candidates from the LDP Komoto faction he belonged to, and a nonfactional Mr. Shizuka Kamei's affiliated organization. This shows that he has taken care of prominent and young Diet members of his old faction financially on a regular basis. However, all contributions but one were made before the upper house election in July last year. One wonders whether the prime minister has not provided funds to these Diet members at all during 1989 to prepare for the general election in February this year.

Prime Minister Kaifu's Political Fund Flow (in yen)

Affiliated Political Organizations	Income	Expenses
1. Toshiki Kaifu Policy Research Society	Corporate Contributions: 154,560,000	personnel, office and other operating expenses: 131,780,000
2. New Institute of Political and Economic Research	Private Contributions: 40,100,000	Political activities expenses: 89,570,000
3.Seiyu Society	Political organization contributions: 34,300,000	Donations to Kazuhito Ishii's and Kuro Matsuda's (both Komoto faction) affiliated organizations: 2 million; to Shizuka Kamei (nonfactional) and 8 Komoto faction Diet members and candidates' affiliated organizations: 1 million; Congratulatory gifts to Takao Fujimoto's (Komoto faction) group: 500,000; to Hideo Usui and Yamaharu Takefuji's (JSP) group: 100,000.
4. School for Education Research Society	savings interest, etc.: 200,000	
5. Urban Problems Research Society		
Total	Income: 229,160,000	Expenses: 221,350,000

Note: 4 and 5 were dissolved in Oct. 1989; The reserve brought forward from the previous year is not included.

Movement of Income of Prime Minister Kaifu's Affiliated Political Organizations (in yen)

Contributions	1985	1986	1987	1988	1989
Private	4 million	5.5 million	600	118,4000,000	401,000,000
Corporate	550,000,000	902,200,000	749,600,000	803,400,000	154,560,000
Political Organization	144,000,000	748,000,000	116,000,000	626,000,000	343,000,000
Party Income	1,972,700,000	1,473,200,000	2,183,600,000	1,706,800,000	
Interest, etc.	3.8 million	4.8 million	200,000	21.6 million	2 million
Total	2,710,500,000	3,183,200,000	3,109,400,000	3,330,200,000	2,291,600,000

* Profile of Finance Minister Ryutaro Hashimoto

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[Text] Hashimoto leaves his home every morning with a menacing air. He lives in a condominium apartment in Tokyo's Roppongi district. He walks at a rapid pace along the hall from his apartment to the foyer, making the hall ring with the sound of his heels striking the floor. Even if someone addresses him, he keeps staring straight ahead and does not even answer. Rather than going off to work, it appears more as if he were going off to war or something.

Clear Logic Is His Best Feature

The origin may go back to the morning of 21 November 1962. Hashimoto, who was a white collar worker, overslept, and was rebuked sharply by his father, Ryugo, who

said "you leave for work with your clothes in disarray!" Soon after Hashimoto straightened his crooked necktie and left the house in utter discomfort, his father died suddenly.

From then on, deciding on clothes in an impeccable manner and standing up straight when leaving the house became like a habit. It is one reason he is called the best-dressed man in political circles, and because of his manner and dress Hashimoto always gives an impression of being deadly serious.

Hashimoto's "lack of popularity" is also not unrelated to this style. Once Kakuei Tanaka, too, made the comment that "Shigeru Yoshida treated Hayato Ikeda with more affection than his direct disciple, Eisaku Sato. People who are not more handsome than ourselves, and who are also not very bright, are dear to us." Actually, in Hashimoto's case, too, it cannot be denied that his intelligence has had the result of making matters worse.

Hashimoto is an expert at analysis and explanation. It is probable that anyone can talk about the political situation or policy in their own way if they use many words. But Hashimoto explains things clearly in 5 minutes if told to do so in 5 minutes, or in 15 minutes if told to do so in 15 minutes or in 30 minutes if told to do so in 30 minutes.

In particular, there is no one in the Liberal Democratic Party [LDP] who is superior to Hashimoto in logical persuasiveness. But as Shin Kanemaru points out, in the LDP up to now "even something black is white if the boss says it is white." Moreover, Hashimoto is a member of the faction which forms the nucleus of that. At least in Nagatacho, Hashimoto's logic has not operated all that positively.

On the other side of the coin, Hashimoto is highly thought of at Kasumigaseki. Since in a certain sense bureaucrats live by logic, they conversely have a weak spot if they are approached, not by the sentiment which is apt to be in politicians' petitions, but by logic. In this point, Hashimoto has a command over bureaucrats equal to that of Masaharu Gotoda.

In the case of Gotoda, in addition to knowing all about that world by having also, himself, attained the pinnacle of the bureaucracy, as the representative of Kakuei Tanaka and Yasuhiro Nakasone, it is command backed up by their influence. In contrast to this, Hashimoto is a lone wolf, so to speak, so his excellence can be inferred.

Noboru Takeshita's birthday falls on 26 February. On this day it is customary for people to gather in private at the Takeshita mansion and celebrate in a modest manner. Former confidential secretaries and bureaucrats who served Takeshita also drop in, and by government agency, the number of those from the Ministry of Finance is overwhelmingly large. This year it fell in the midst of the appointments for the innauguration of the second Kaifu cabinet which was to take place the following day, so there were also many visits by Diet members of the Takeshita Faction.

At such a time Hashimoto would have been irritated to have it be thought that he was aiming at a post, so he did not attend. Actually, during the time also when the Takeshita cabinet was on the verge of a crisis, and other Diet members had gone in rapid succession to make reports, Hashimoto did not go.

But on this year's birthday, he was the very first to arrive. The bureaucrats who had assembled were on the level of having served as confidential secretaries, so it was a collection of elite who in the end would reach even to vice minister; naturally, they also occupy important posts now. The group which surrounded Takeshita and Hashimoto, who is an incumbent minister of state, was just like, for example, a departmental council of the Ministry of Finance.

He Is a Member of the Takeshita-Ministry-of-Finance Family

Takeshita knows better than anyone else how busy a minister of finance is. Takeshita was very attentive to Hashimoto, telling him, when other Diet members showed up, one after the other, and the gathering began to become less formal, "that's enough, Ryu, you can slip out now." A certain Diet member who saw this scene grumbled that Hashimoto had completely become a member of the Takeshita family through his connection with the Ministry-of-Finance family.

To the Ministry of Finance, the one who it depends upon most is Takeshita. Michio Watanabe and Kiichi Miyazawa, too, have served as minister of finance, but there is no comparison. To put it in an extreme manner, Watanabe rendered service in his own way in such things as easy-to understand PR to the people of the nation, but there is a cold view that he is a person who made bureaucrats whose future prospects were not valued too highly at the Ministry of Finance into his own followers, and even raised them up to be Diet members. Although Miyazawa is an old boy of the Ministry of Finance, in the final analysis he is a person who was no more than a division chief.

In contrast to this, Takeshita is a person who well understands the case for the Ministry of Finance, and who has worked wholeheartedly on behalf of the Ministry of Finance. To add a postscript on behalf of Takeshita: this is not to say that Takeshita was at the beck and call of the Ministry of Finance. As Takeshita, himself, reveals on occasion, it is a manifestation of his strong sense of responsibility and consciousness of being in the main stream that "only those who have supported political power all along understand the burden of political power."

Hashimoto, too, who gained the nickname of Fighting Ryutaro, appears to be very loyal to the Ministry of Finance. At the end of last year Hashimoto, in a semi-overt manner, called a halt to a third increase in the official rate by the Bank of Japan. It was because of Hashimoto's charactaristic logic of "how dare they do this without even consulting the Ministry of Finance."

This one incident is considered to be a war crime which caused the timing of fiscal policy to be lost, and triggered the tripple weakness of a weak yen weak stock and weak bonds, and so on, so his reputation is not necessarily good.

From within the Ministry of Finance, too, there is also the view that in principle the official rate is an item under the exclusive authority of the Bank of Japan, so even if one is going to fight, it is troublesome to have it done so openly. However, it was an episode in which Hashimoto's sense of wishing to represent the interests of the Ministry of Finance showed strongly.

But in the eyes of Kanemaru and his associates this kind of Hashimoto appears "to quickly become a captive of the government office. Is that not the same as a vice minister rather than a minister." It is fresh in our memory that Kanemaru, the boss of the Construction Group, was continuing to express strong dissatisfaction with Hashimoto in connection with the scale of public investment in the Structural Impediments Initiative [SII] talks.

In the future as well, it will probably not be easy to go on attracting the kind of feeling of an elder who, rather capitalizes on this kind of half-heartedness while asserting his logic.

Hashimoto was born on 29 July 1937 in the Shibuya district of Tokyo. His father, Ryugo, made up one section of Shigeru Yoshida's 13 magistrates and held such successive posts as minister for health and welfare and minister for education. Daijiro, who was popular as an NHK newscaster, is a stepbrother 10 years his junior.

Consequently, he is a representative standard of a second generation Diet member now in his prime. However, it appears that originally the plan was for his younger brother to succeed to the house. One can also infer that from the fact that the Chinese characters for the elder brother's name are difficult, but the name of the younger brother has been made simple, for elections. But when the father died suddenly, the younger brother had not reached the age of 25, at which one has the right to be elected.

His Childhood Nickname Was Octopus

His school was the Azabu Gakuen, which runs from middle school through high school. His self-assertiveness and unyielding spirit started at that time; his face was not that of a mild-mannered boy, and his nickname was octopus. Also at such times as when he played at sumo, he employed a death-before-dishonor strategy by which once he had latched on he did not let go. He got his nickname from this.

He began mountain climbing when he was a child, and became a full-fledged climber in high school. According to Hashimoto, when he was in the sixth grade of primary school he also once became lost in Oku Nikko, and a search party came out for him. After advancing to the political science course at Keio University's Faculty of Law he became more addicted to mountain climbing, and also participated in an expedition to Mount Everest, and has a record of reaching the 5,350 meter base camp in spite of bad weather.

Incidentally, in May 1988, when he was acting secretary general of the Liberal Democratic Party, he was the honorary supreme team leader of the Japanese team when the Three Nation Friendship Mountain Climbing Team of Japan, China and Nepal reached the summit of Mount Everest. From the last third of March through the first third of April he went as far as the base camp. As might be expected, the Diet being in session, at the moment of conquering the mountain he had returned to Tokyo and watched it on television.

Even so, such people as Takeshita frowned at Hashimoto's having left Japan for a long time and gone to a dangerous place, and said "a politician in a responsible posiion must remain in a place from which he can return within 48 hours." Of course, Hashimoto, too, probably has that much discretion, but he probably has a longing for mountains that went so far as to violate that prohibition.

Another thing to which Hashimoto devoted himself is kendo. In spite of the fact that he is not tall, he liked the mask very much. For his bamboo sword, too, he used one which was thicker than normal, and in striking the mask he appeared to be leaping up. There also survives an anecdote to the effect that around that time people from Toho Motion Pictures came to his father, Ryugo, with a request, saying that they wanted to put Hashimoto on the market as a new face together with Yuzo Kayama.

When he finished college he entered Kureha Spinning (now Toyobo Co., Ltd.). The conclusive factors in his choice are said to have been that the factory was in a place near Toyama Prefecture, Nagano Prefecture and the Japanese Alps where it was easy to climb mountains, and that there were almost no senior alumni from Keio.

During the time when he was a white collar worker he was also very active in labor unions. Later he became a cabinet minister, and when negotiating with labor unions he disconcerted those he was dealing with by pointing out inaccuracies in the prescribed written form, saying "does this kind of way of writing 'a demand' exist?"

At the age of 25, when Hashimoto had not been a white collar worker very long, his father, Ryugo, died suddenly. Saburo Eda, the most influential member of the Japan

Socialist Party, announced that he would switch from the Upper House to run for the Okayama Second District, Ryugo's election district. It became a situation in which it would be difficult to be elected even if one succeeded to Ryugo's base, so a successor could not be agreed upon easily. In the end, at the point in time when the support association boxed them in, saying "we must have you, Ryutaro, or your mother, run," Hashimoto's unyielding spirit came to the fore, and he made up his mind, saying "If Eda is my opponent, it will not be a disgrace even if I lose."

In November 1963 Hashimoto ran in a general election, and gained 74,564 votes. He was in second place after Eda, making a good showing in his baptism of fire. For slogans, he confined himself to "I will devote all my energies to construction of a welfare state, which was the dying wish of my late father." At that time, too, since it was said that a candidate with a handsome face would make an appearance, the female workers from the textile mills in Kurashiki City, a major source of votes, came out to look at Hashimoto's face, and there was a terrible uproar. But it is said that most of them were young girls who did not have the right to vote.

Hashimoto has a boyish face even now. You should think about how he was as a young Diet member. When, with the intention of being filial, he went with his mother, Masa, for his first attendance at the Diet, he was ridiculed by people who said "it is an age when, guardians accompany not only students at college entrance exams, but Diet members, too," and when he showed his Diet member's pass at the National Railways ticket collection gate he was challenged by the station worker.... But, as usual, because of his aggressiveness, he did not lose.

"Politics exists for the sake of weak people"—Hashimoto is earnestly trying to live up to his father's teaching. Even after having become a Diet member, he consistently followed the elite course of the so-called social-labor group connected with the Ministry of Health and Welfare: parliamentary vice minister for health and welfare, chief director of the Lower House Committee on Social and Labor Affairs and chairman of the LDP's Social Affairs Division.

A "Master Ryu Phenomenon" From a Nationwide Pilgrimage

Parliamentary vice ministers are often called apendixes and so on, but if you translate it into a foreign language it is vice minister. It also depends on who is seated above one, but depending on the ability and enthusiasm of that person, a fair amount of work can be done. Once, around the time when Michio Watanabe and the late Ichiro Nakagawa and Tetsuro Minato were serving as parliamentary vice ministers for agriculture, forestry and fisheries, agricultural administration was managed by the three of them to the extent that it was called the "agricultural administration of the three chans," Itchan, Tettchan and Mittchan.

Hashimoto, too, though a young man of 33, as parliamentary vice minister for health and welfare, rendered service in the establishment of the Environment Agency. Since it amounted to taking away a considerable amount of the Ministry of Health and Welfare's authority rather than just one part, the resistance of the government office was, naturally, strong. But by persistent persuasion Hashimoto caused the Ministry of Health and Welfare to give an example to others by taking the lead. By extension from this, later, as chairman of the LDP's Research Commission on Public Administration and Finances and as minister for transport, Hashimoto accomplished the drastic measure of privatization of three public corporations.

In this way Hashimoto accumulated real power, and went on to be referred to as one of the four social-labor bosses.

We do not know what brings good fortune to people. Particularly in the case of politicians, it sometimes happens that the moment that someone becomes prime minister what had been a minus up to that point does a turnabout and becomes a plus. For example, when Yasuhiro Nakasone had just missed becoming prime minister any number of times he was lamenting "If Sadanori Yamanaka, who substituted for me, had been 10 centimeters shorter, political power would have come to me 5 years sooner."

Until recently in the LDP one was thought of as "that SOB" just by trying to speak to a foreigner in English. Just as suggested by the fact that Nakasone, himself, called his English "appalling," it could never be called fluent, but even so, when it began to look like the previous prime minister, Zenko Suzuki, would abdicate in his favor, Nakasone avoided all use of English before television cameras. He feared inciting Suzuki's wrath.

As soon as he reached the position of prime minister, he appealed to people on the basis of his ability in English, and even at summit conferences he was a fair match for foreign presidents, etc., and it became "cool," and became a source of high support.

The same is true of Toshiki Kaifu. Before he became prime minister he was spoken of maliciously behind his back as being, not "kaifutoshiki" [his name in Japanese order] but "saifutojiki" [closed-purse i.e. stingy]. He was attacked by Koichi Hamada, for example, who does not mince words, who said in a loud voice "you cannot just grin and increase the balance in your term bank account." The fact that, while Kaifu was referred to early on as a new leader, one great difference was that, unlike Miya Yasutake, he was not good at "looking after those below him." He is the direct opposite of Takeshita, who took care of everything both material and spiritual.

But this was good as a symbol of the rehabilitation of the LDP, which was covered with the contamination of the Recruit scandal. The truth is that Kaifu's political method is not in the style of Takeo Miki, who is

considered to be his mentor; it is a model without any specific belief, but he profited from the clean Miki image which preceded him.

Well, now to Hashimoto. Since Sosuke Uno, who was prime minister, could not come out in public because of a scandal involving a woman, in the Upper House election of the summer of 1989 Hashimoto, who was the secretary general, became the face of the LDP, that is, its (vote getter). Needless to say, Hashimoto's bearing and appearance, which are like those of a spoiled boy, are unpopular in the LDP, but on a campaign tour they have been popular with the public. He collected women's votes, and spawned the so-called "master Ryu phenomenon."

Can One Become Prime Minister Without Followers?

Now, too, there is within the LDP the catch phrase "avoid the period after Hashimoto." Of course it does not mean that things will be bad after a Hashimoto government. It means if you are going to make speeches, make them before Hashimoto. In the February general election, too, there are many candidates who, when they took the platform after Hashimoto's address, were disheartened because two-thirds of the audience had gone home.

All sorts of people are giving all sorts of advice to Hashimoto. Takeshita, after saying that Hashimoto's ability as a schemer in such things as budget compilation is satisfactory, is recommending that he be a "good listener" who listens to what people have to say even if he thinks it to be worthless.

Tsutomu Haneda presented him with a poem which is often introduced at wedding ceremonies in his native place, Nagano Prefecture, and which begins with "It is better not to aim for perfection."

When saying something correct, it is better to do it a bit modestly. It is better to realize that, when saying something correct, it is easy to hurt the one to whom you are saying it.

Masayoshi Ito, Mr. Political Reform. It is a well-known fact that Ito was devoted to Hashimoto after Takeshita ceased to be prime minister, and this also became one cause of inviting the displeasure of Kanemaru and his group. Even this Ito admits that Hashimoto's manner of behaving as a person who is sure of himself is a bit offensive, saying "In being capable, Hashimoto is one of the best people within the LDP. But the two characters for 'authority' are always written on his back."

Takeshita says, "There is a 5-year difference in age between Ryutaro and Ichiro," hinting at an order of Hashimoto first, and after him Ichiro Ozawa. But the line of Hashimoto succeeding to the leadership within the Takeshita faction, and gaining the post of prime minister at one stroke with the power of the largest faction would probably be very difficult.

For Hashimoto there is a future in devoting himself to being a child of the new age, in which one can become prime minister even if one has no followers. The conditions for that are to increase still further his reputation as a schemer, and to cultivate lateral ties.

Kaifu lacks followers in the same way as Hashimoto, but he was on friendly terms with the secretary general class, which bears the destiny of each faction on its shoulders. How will Hashimoto gradually eliminate the stratum of those who really dislike him, and hold the broad expanse of what Tanaka calls "the middle ground," even if they are not strong allies.

His younger brother, Daijiro, has characterized him as "a hydroponic hyacynth." He means that Hashimoto attracts attention by causing flowers of many different colors to bloom, but his feet are not planted solidly on the ground. But the fact that he has not put down roots in old soil is also the secret of Hashimoto's popularity, so what will he do about this superimposition?

Hashimoto's dilemma lies in the fact that one's appeal disappears if one ends up maturing in a clumsy manner while taking advice from many people on how to become an "adult." The Hashimoto who walks along gallantly, with a military bearing, has the other name of "Wind-parting Ryutaro." But it may be that an autumn has arrived when he will have to stop and look at the flow of the wind.

Economic Affairs

* Ministries Propose 1991 Public Spending

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[Article by Kenji Karube: "A Widening Drama With a Difference: 'Life-Related Prioritization Framework'"]

[Text] **Highlights of 1991 Budget Compilation**

Work on preparing the country's 1991 budget proposal has started. Each ministry and agency presented its preliminary requests to the Ministry of Finance (MOF) on 31 August and will engage in heated battle with the accountants who conduct the audits until December. This year, in line with the "Life-Related Priortization Framework," it seems there can be seen a drama with a different element. This is because people are arguing, in all seriousness, over such questions as, "Is the increased construction of public toilets an undertaking closely related to the life of the people?" As even those who usually have no interest in the nation's fiscal policies see the movements concerning life-related framework, they may be able to inspect the background and facts of the compilation of Japan's budget.

First Rise in Public Works Ceiling in 10 Years

The MOF Budget Bureau prepares the nation's budget. That MOF holds the most power among the government

offices is because it controls the purse strings. Following the preliminary budget request standard (the ceiling) that each ministry decides at the end of July, each sends it to the MOF.

The ceiling is the standard that expresses the upper limit: "You may request funds up to this much funding." Each ministry and agency builds its preliminary budget request within this framework. The deadline for this is August 31. Those responsible for the budget in each ministry and agency sweat the preparation of the request in presenting it to the MOF, starting the long negotiations that last until December.

In this connection, next year's budget is becoming special from the stage of the ceiling. For a long time until now it was set below or at the same level as that from the previous year. In any event, changes have begun to appear in budget compilations that had been only cuts.

The budget makes a great distinction in being divided into investment spending and current spending. It is all right to think that investment spending is roughly equal to public works projects in bridges and roads. As for the investment spending, a ceiling of plus-5.5 percent compared to the previous year was made for the first time in 10 years. It was a matter of, "It's all right to have a request with a 5.5 percent increase from last year for public works and such."

What became the moving force behind this "plus ceiling" was the establishment of a "life-related prioritization framework."

One night around the beginning of July, the lights were on until past two o'clock in the morning in the room of a senior Budget Bureau official on the second floor of the MOF. What was decided that night was the establishment of a life-related framework and a policy to raise investment spending over the level of the previous year.

In the sense of changing the principle of a "tight fiscal policy," the night became an "historic" one.

Throwing out his chest, a senior Budget Bureau official said that, "We made the ceiling in putting emphasis on raising the people's quality of life. We must aim to have in place the social capital by the end of the 21st century that will greet an aged society, so there is nothing to do but to pump up investment spending."

Why did the MOF, which begrudges spending even a little money, take action on the establishment of a life-related framework? Why did the MOF acknowledge a plus ceiling? There appears to be two reasons.

One is that the goal of fiscal reconstruction has been achieved. Our nation's fiscal policy was financed by government bonds. Construction bonds were issued as a financial source to build bridges and roads, but deficit bonds are assigned as general spending. If we liken construction bonds to housing loans, deficit bonds are like loans from a loan shark for eating and drinking.

Vague "Living Environment, Cultural Function"

Since the MOF first issued deficit bonds in the 1975 supplementary budget, it has supplemented with "loan-shark type loans" the part it could not cover with the revenues collected and, at the same time, has cut back on expenditures in aiming for "zero issuing of deficit bonds." Then, there was the rise in revenue collection supported by favorable business conditions. The MOF finally achieved its goal in its first budget for 1990, turning the corner on fiscal reform.

According to the MOF Budget Bureau, "We are still in a state of fiscal convalescence," warning that pressure on spending will jump. But is that so? Toward the ministries and agencies that until now have held back on their requests thinking, "There is nothing to be done about it while the government is issuing deficit bonds," the MOF can hardly say, "Hey, we're going by a zero ceiling next year, too."

Certain ministry and agency officials responsible for their budgets analyze it like this: "Life-related—that's a pretty good idea. That's because the Liberal Democratic Party (LDP) and each ministry and agency can concentrate their rising spending requests at this point and try to spend 200 billion yen within this framework."

One other reason to establish a life-related framework was the Japan-U.S. structural talks [the Structural Impediments Initiative (SII)]. With these talks, begun on the position that the bilateral trade imbalance is due to structural impediments, the Japanese side firmly promised "to conduct 430 trillion yen of public works investments over the 10 years."

Then, to set it in concrete, the "Public Works Investment 10-Year Plan" (the public works investment basic plan) was born. In the midst of this, however, it was clearly proclaimed that the government would "strengthen further the above-recorded trends toward an economic society that can realize fully the richness of the people's lives (i.e., to increase undertakings tied to the raising of the quality of the people's lives)."

In so many words, the fact of public works investment related to the quality of life is the realization of a public promise.

However, the standard for what is life-related is rather vague. In the 10-Year Plan, with such items as plumbing and sewers, public parks, garbage-handling facilities,and publicly-leased housing listed as examples of "Living Environment, Cultural Function," its natural that those making the requests are attaching various reasons: "That's related to the quality of life, too. So is this."

In response to this, the MOF sent a notice to each ministry and agency to those responsible for their budgets, telling them to divide them into two standards: 1) Past items and, 2) those under the 10-year plan of "living environment, cultural function."

A senior official of the Budget Bureau explaines: "As for the past items, we were inundated with exorbitant demands one after another, which only makes our work here harder. There is also the "improvement of public works investment related to the lives of the people" that the United States is requesting, such as sewers and public parks. This means planning an expansion of the fields of public works that we have been tackling in a leisurely fashion until now. That we made it "limited to services" is that we are taking action on the goal."

However, at the time this notice was sent out, the observation was making the rounds in Kasumigaseki that, "Hasn't the MOF announced something with no plan to touch the share distribution?" Share distribution is the percentage distribution of each ministry and agency's public works projects. As one understands in looking at the table, in those ten years the share of expenditures on public works projects for each ministry and agency did not change at all.

Table 1—Movement in Distribution Share of Ministries for Public Works Projects (Percentage)

Ministry	1981	1990
Construction	68.2	68.17
Agriculture	21.93	22.05
Transportation	6.24	6.25
Health & Welfare	3.10	3.10
Others	0.51	0.43

Table 2: Preliminary Requests of Each Ministry for Life-Related Priorization Framework (In billions of yen)

Organization	Request
Ministry of Construction	200
Ministry of Agriculture	190
Ministry of Transportation	196.1
Ministry of International Trade & Industry	159.4
Ministry of Health & Welfare	131
Ministry of Education	122.3
Ministry of Posts & Telecommunications	102.6
Science & Technology Agency	16.3
Environment Agency	13.4
National Police Agency	3.3
Ministry of Home Affairs	1.6
Ministry of Foreign Affairs	0.5
Hokkaido Development Office	(28.2)
Okinawa Development Office(Tc(11.4)	
Total	1,148.1

Note: Due to adjustment for redundancy, changes in the total figure are possible. The requests of the Hokkaido Development Office, Okinawa Development Office, and Ministry of Finance are included in the request figures of other ministries and agencies.

Can the Fixed Rate of Distribution of Each Ministry Be Broken?

Criticism from before toward this hardening of the share distribution was strong. The MOF, its position that, "We would also like to do something," also tried to revise the distribution rate, but the opposition of each ministry and agency—and behind them the LDP zoku dietmen protecting their special interests—was fierce. The distribution remained fixed.

A certain ministry's budget chief says that, "The share distribution is set in our own ministry at the bureau and division levels. If you tried to lay a hand on it, the ministry would shake."

It is a question of face for the officials and the special interests of *zoku* dietmen. In general, politics of popular sovereignty have been handled as a problem on a different, lower level; the share distribution has not changed up to the present.

However, suddenly there is the establishment of the life-related framework. If it comes to pass that "projects linked to raising the quality of the people's lives can be factored in," it can also be thought that changes in the distribution rate will appear with the distribution of the 200 billion yen. It is not mysterious that government offices that do not have much in the way of public works projects think that perhaps they can break little by little the overwhelming power of the "public works projects offices"—Construction, Transportation, and Agriculture.

At this point, there is the MOF directive on "achievements prioritism." A budget division chief of a certain ministry said, shoulders slumped: "We've hoped to be able to participate a little."

However, even the MOF shows a glimpse of its secret determination: "Well, we will see. After all, there is still three months to go before preparing the budget."

In the midst of this situation, in the words of an LDP construction *zoku* dietman, "We won't permit any strange ministries or agencies to participate in public works projects." Shouting loudly, "I will change the shares," is likely to provoke the LDP. It appears that the MOF's strategy now is to bide its time quietly. There is heard, however, malicious gossip that, "Won't it be destroyed that way?"

Incidentally, with the preliminary budget requests that ended 31 August, what kind of life-related requests emerged? Let's take a look at the major ones:

Ministry of Construction. Requested, 200 billion yen (voices are being heard around Kasumigaseki asking

what in the world Construction thinks it is doing asking for the entire 200 billion yen in the framework).

Along with improving roads related to parks, schools, and medical facilities and roads to connect underpopulated ares, the ministry is advancing such snowy-winter measures as snow-removal facilities and provision of places for mounting and removing tire chains as well as [a plan] to eliminate resort area traffic jams on holidays.

In order to supply residential land in the capital area's low and wet land, the ministry will arrange a network of auxiliary flood control channels and super levees.

The ministry will promote the completion of sewers for small and medium cities, towns, and villages that it cannot provide sewers within four years after the projects start.

Along with building publicly-leased housing of 8,000 units under municipal management and 1,000 units under a housing corporation, the ministry would provide subsidies related to housing land.

Ministry of Transportation. Requested, 196.1 billion yen.

The ministry would invest in districts yet to start construction on completion of the three lines of the bullet train (5 districts, excluding the Hokuriku bullet line between Takazaki and Karuizawa, where construction is moving ahead). If the conditions for starting work are arranged, the ministry could change it to "construction expenses." If conditions were not ready, it would revert to the previous "difficult construction projects spending."

To plan to ease the congestion of commuting to work and to school, the ministry is supporting the construction of subways. It would act to give municipal and public subway subsidies and interest-free loans.

From the judgment that the improvement of infrastructure related to imports is linked to "creating an affluent life," the ministry would arrange food import berths for the large cities.

To respond to the increase in demand for marine leisure, the ministry is planning to improve marinas to raise the quality of life.

Ministry of Agriculture, Forestry and Fisheries. Request, 190 billion yen.

The ministry would raise the level of water drainage for farm villages to 45 percent in 10 years.

Conducting intensive investment in bridges and tunnels, the ministry supports projects to improve farm roads.

The ministry plans fishing port improvement projects and fishing port envinronmental improvements.

Ministry of International Trade & Industry. Request, 159.4 billion yen.

As a policy accompanying the relaxation of restrictions in the Large-scale Retail Store Law, the ministry would offer low-interest funds for facilities that merchant districts build with joint investments.

Ministry of Health & Welfare. Request, 131 billion yen.

In order to promote construction of final handling areas for industrial waste products, the ministry would provide state subsidies when local public organizations arranged handling areas.

Ministry of Education. Request, 122.3 billion yen.

The ministry would disburse information machines such as computers to plan for the fulfillment of high school industrial special equipment.

Ministry of Posts & Telecommunications. Request, 102.6 billion yen.

In order for people to be able to use car telephones anywhere, the ministry would subsidize half the cost of arranging steel towers to use as relay stations.

Making Even Improvement of Bullet Trains and Farming Roads "Life-Related"

However, amidst these requests are some head turners.

For example:

Adjustment costs for starting work on the improved bullet train. A senior official of the MOF Budget Bureau without thinking wanted to say, "What do you mean the bullet train is related to the people's lives?" But the Ministry of Transportation is gruff: "We'll keep it in any case."

Then there is the Ministry of Agriculture's improvement of farm roads. There are deep-rooted voices saying that what was requested to be expanded in the in the Japan-U.S. SII talks were public works projects in the urban sector, but....

The Ministry of Posts & Telecommunications is proposing projects "to emit radio waves and to prevent the erosion of the ozone layer." The problem of the ozone layer's destruction is certainly of great urgency, but is it included among the "life-related" projects? Rather, they should be established within the boundaries of the regular budget.

There there is the "nature parks' public toilets improvement project" put forth by the Environment Agency. As the Environment Agency has hardly been within the framework of public works projects up until now, it is eager to take the challenge, but does the improvement of public toilets in nature parks constitute a "project closely tied to the people's lives?" The Ministry of Foreign Affairs, which has requested "expenditures for the improvement of diplomatic offices abroad," explains that, "We have almost no achievements in public works projects, so...." However, how does this tie into "raising

the quality of the people's lives?" I think that their explanation to the MOF will be a sight to see.

For the MOF, which must pass judgment on these kinds of requests, there is a budget official who thinks that, "It seems that each ministry had various thoughts. The first aim of energizing public works projects has succeeded, hasn't it?" It appears that the auditing work from now until the end of the year will be quite interesting.

Outlook for Small, Medium Enterprises Examined

902A0296A Tokyo SANKEI SHIMBUN in Japanese 2 Sep 90 Morning Edition p 7—FOR OFFICIAL USE ONLY

[Article by Hajime Karatsu]

[Text] **"Stranglehold of the Tax System"**

The thing sustaining the Japanese economy is the manufacturing industry. In the Trade Ministry's "Vision of the Nineties" announced in July, the industries with the highest projected growth rate were the processing and assembly industries, with 72 percent growth over the next 10 years. Compared to this the industry that has become the center of attention, the service sector, is predicted to have a 64 percent growth rate.

Nevertheless, there is something to be concerned about here. Small and medium enterprises are what are sustaining growth at the processing and assembly industries, yet they are being strangled, one after another, by Japan's tax system.

This was discussed the other day in a committee of the Small and Medium Enterprise Agency. In the case of agriculture, when heirs inherit farmland there is virtually no tax assessed. Not only that, even if the land is transferred before death, there is not much tax, so farmland is handed over freely to heirs. This is not the case, however, with small and medium enterprises. Since the end of World War II, if one would like to pass on to another the company that he has worked diligently to build until it is at last secure, there are enormous taxes that must be paid. For this reason, in such places as Tokyo, where land prices are high, there have been increasing cases where, in order to barely support relatives, factories are closed to build mansions. The situation has become serious.

One of the characteristics of a competent business is its ability to endure. A business can continue to exist by supporting those who depend on it, and by instilling in them the desire to work. If there is no more to it than to do whatever the boss says, there will be no vitality.

The managers of small and medium enterprises are frantic for measures to deal with this. In order to preserve assets they are creating second companies. The government has then taken the view that these are acts of tax evasion, and has issued notification that it intends to collect all taxes without exception. Thus the incentive is lost and the number of small and medium enterprises closing will continue to grow. Actually, for all the talk of prosperity, there has not been much increase in the establishment of new businesses. On the contrary, there has been an increase in the number of businesses closing down. I wonder if those who are in charge in Japan are at all aware of this fact.

Agriculture is 2.7 percent of Japan's GDP (Gross Domestic Product). In contrast, the manufacturing industry's share of GDP is 35 percent. I am not saying that we should put an immediate stop to policies that are favorable toward agriculture. I would like to say, however, that compared to agriculture, treatment given the manufacturing industry is too heartless. There is a saying in Japan from long ago: "side with the weak and crush the strong," but quite the opposite is occurring. When the can-do attitude is crushed to the point that managers lose their desire to do their job, irreparable damage is done to Japan's economic underpinnings.

Manufacturing Industry Lays the Golden Egg

On the other hand, the attitude of the press with regard to the National Tax Agency's handling of this matter makes it appear as a supporter of justice. As everyone has said, the press is in a most humble state of mind, envious of one greater than itself, so there is probably nothing that can be done about it.

Right now in Japan it has become extremely difficult for a small company to make plans to produce a unique product with the objective of growth. An even more alarming problem for the future of Japan is the belief that entering a big company provides security, and 100 million people feeling that if they are going to rely on someone else, it might as well be someone with strength. Even aside from that, fewer young people have been joining up with manufacturing companies because of the idiotic popular saying about the "3 D's" (dangerous, dirty, and demanding) ["3 K's" (kiken, kitanai, and kibishii)]. Then we come to the "money game." Since the stock market crash in the spring of this year, securities firms are pitifully dejected because of the declining volume of their transactions.

The securities and bonds of banks have also depreciated, and city banks alone have had losses of over 3 trillion yen. The bill for the money game has come due.

In the midst of this, only the manufacturing industry is still putting up a good fight, and is in the best economic condition ever. Nevertheless, Japan wants to pull the legs out from under the management of the small and medium enterprises that are the foundation of the manufacturing industry. This is inconsistency. It is like the fairy tale where the stomach of the goose that laid the golden eggs is split open. Even without outside commentary, this may be the thing that causes the sun to set in the land of the rising sun. Now is the time to backtract, before the sun sets.

Use of Debt Fund for No-Interest Loans Planned

OW1211152690 Tokyo JIJI in English 1400 GMT 12 Nov 90—FOR OFFICIAL USE ONLY

[Text] Tokyo, Nov. 12 (JIJI PRESS)—The government plans to tap the debt consolidation fund to provide no-interest financing for public works projects for fiscal 1991 for the second consecutive year, Finance Ministry officials said Monday. The government judged it difficult to draw on its general account in view of deteriorating fund positions for the next fiscal year, the officials said.

Some of the proceeds from the sale of government-held NTT shares have been transferred to the debt consolidation fund. These transfers have reached 10 trillion yen so far.

Deducting sums already used for public works projects and redemptions of government bonds, the outstanding balance of the debt fund is expected to total 2.46 trillion yen at the end of fiscal 1991 on March 31, 1992, the ministry officials said.

Of the 2.46 trillion yen, the government will use 1.3 trillion yen for no-interest loans extended for public works projects, the officials said. It will be infeasible to do so in fiscal 1992 and beyond, however, because of the reduced balance of the debt consolidation fund. The ministry plans to start a full-scale review of ways of raising funds for such no-interest loans after working out a budget draft for the next fiscal year, they said.

Last fiscal year, the government gave up a public sale of NTT shares in view of the faltering stock market and drew on the debt consolidation fund for 1.3 trillion yen which was earmarked as the resource for the loans. It also shelved plan for an NTT share sale in the current fiscal year.

* Land Policy Council Explains Price Levels

912A0010A Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Oct 90 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Text] The Planning Section Committee (Section Chairman Seizaburo Kono) of the Land Policy Council (Chairman Ichiro Yoshikuni), a prime minister's advisory organ, on 4 October put together its "major discussion points," which will be the framework for the council's interim report to be drawn up at the end of October. The major points of discussion as to a goal for land price levels indicate that the council "will work to obtain a proper level of land prices that is reasonable for the land's usefulness and a residential land price level that would be a reasonable price for middle-class workers to pay." This is the first time that government organs have indicated the intention to reduce land prices. They are also asking for drastic improvement of the City Planning Law, and tightening of land use limits and regulations. As for the land tax system, however, the discussion points stop short at naming comprehensive improvements of holding land taxes and an increased tax burden of profits from land transference; therefore, concrete measures appear to be left up to the deliberations of the Taxation System Investigation Committee of the government and of the LDP [Liberal Democratic Party].

The major points for discussion consist of three parts: "a basic recognition of the land problem," "fundamental views on land policy," and "directions for developing of individual policies." The basic recognition section points out the risks brought about by a sudden rise in land prices, such as a decline in the will to work, a fall in economic vitality, a pushing up of general prices, etc.

In the fundamental views section, each committee member has agreed with the philosophy of Section Chairman Kono that the council will "bring land prices back to the level they were before they blew up like a bubble," in concrete terms, to the level that enables average workers in major cities to be able to buy standard residences for the price of, as Kono says, "five or six times their annual income." Furthermore, the committee identified breaking the land myth and rationalizing land use as goals; and indicated that a land policy is needed to curb the demand for land that is not needed urgently, to tighten regulations on the land use plan, and to maintain information on land. The committee has given priority to pushing forward a land price strategy so as not to let the 430 billion yen public investment decided on in the public investment basic plan adversely influence land prices.

The core of the section on the individual policy is improving the land use plan and rationalizing its burden. The current service areas system prohibits some uses; for example, "schools and hospitals cannot be built within industrial areas." The committee spelled out its intention to revise this to a system in which municipalities play the most active role in setting limits on the details of use.

As for the burden on land, although Kono says, "It is important" that the committee keeps its distance, he also says, "We will watch the deliberations of the Taxation System Investigation Committee in changing the tax system." Although the committee supports the establishment of a new tax, it has not made concrete reference to the argument about the holding tax, that is, the decision on whether or not to levy duties evenly, or only on idle lands. Looking at other tax burdens, however, the committee appealed the expansion of "the benefit system," which asks for an equitable tax on land where the land price has gone up due to public investment, etc.

Furthermore, the major points for discussion include examinations of: an introduction of a "land price regulation area system," which would have the effect of freezing land prices of large-scale project areas; a "double official notice system," which would require the notification of publicly announced land prices and of

land prices based on earnings at the same time; the regulation of banking organs' land mortgages; etc.

Outline of "Major Arguing Points"

An outline of the major arguments put together by the Land Policy Council Planning Section committee are as follows:

Basic recognition of land problem

- Sudden rise of land prices (omitted)
- Problem of land use
- Major causes of problem
- Late maintenance of urban base
- Existence of systematic major causes in tax and law systems that allow the holding of land without usefully using the land
- The difficulty of changing to the rational and effective use of land due to the fractionalization of plots and complication of rights

Fundamental views on land policy

- Goal of land policy
- Destroying the land myth
- Actualization of proper land prices level
- Securing proper land use
- Fundamental direction of land policy
- Curbing of demand
- There is a fear that encouraging the supply while keeping the efficiency of land as an asset will not lead to the improvement of the supply-demand relationship
- It is necessary to curb the planned supply and the demand for land that is not urgently needed
- Pushing forward the supply for houses and residential land
- A massive planned supply of house and residential land in the middle- and long-term view is necessary
- As a tentative measure, stress should be put on meeting the needs of primary acquisition applicants

Plan to enrich land use; the basic aim is to tighten the regulations, and loosen them only for planned and excellent projects

- Maintenance of information regarding land
- Consideration of land problems in economic policy and national land policy. (Omitted)
- Securing land policy's synthesis and coordination. Set the time schedule for each measure and implement precisely
- Direction of development of individual policy

Land transactions regulation; should actively put regulations to practical use of the scheduled sites of large-scale projects

- Regulation area system
- Plan to maintain and enrich land use (Omitted)
- Promotion of the number of houses and residential land and effective use of land, etc.
- Who is to regulate the supply of houses and residential land.
- Reasonable prices in the major city areas and the supply of good quality leased housing are nesessary

Land related-loan regulations; use of the land in precise regard to loan regulations

- Curbing land mortgages
- Rationalization of burdens related to land
- Direction toward improvement of land taxation system
- Should raise taxes on financial institution-held land including a study of the creation of a new tax while considering the effects on residents' lives. Should ask for suitable loads compared to other income taxes.

Labor Shortage Impact on Economy Viewed

912A0003A Tokyo NIHON KEIZAI SHIMBUN in Japanese 29, 30 Aug 1, 4, 5 Sep 90—FOR OFFICIAL USE ONLY

[29 Aug 90 p 1]

[Text] **Reducing Disparities in Labor Conditions; Energizing Local Areas; Toward Attractive Districts by Creating Receptive Atmosphere**

The boom in August reached 45 months. In exactly another year it will be on a par with the Izanagi boom, at 57 months the longest in the postwar period. Under the wild ups and downs of the securities and foreign exchange markets with the growing tensions in the Middle East, there are worries about the inflation that the high crude oil prices bring and of high interest rates. As the materials for anxiety toward the future spread, one other key to forecasting the continuing power of the expansion is the chronic labor shortage. Will it stand in the way as a bottleneck to the boom? Or, in leading to structural reform of the Japanese economy, will it follow the "strong yen" to become a second step? We took a look at the impact.

Effects Spreading Steadily

It is approximately 40 minutes by car from Fukuoka Airport. Driving down the Wakamiya Interchange of the Trans-Kyushu road, an expansive housing tract soon comes into view. It is the Miyata housing development that the Regional Promotion & Improvement Public Corporation built. It became quite famous with the Toyota automobile company's move into the town. The automobile assembly factory, using 149 hectares of land, capable of producing 100,000 automobiles a year, and on the scale of 2,000 employees, will begin operating in the spring of 1992.

In reality, this is the second announcement of Toyota's move into the town of Miyata. The company decided to move into Miyata in September 1973 as a policy to counter its labor shortage at the end of the era of high-speed growth, and the regional public corporation set about building the housing development.

However, with the first oil shock set off by war in the Middle East, the number of automobile sales plunged; the plan fell through.

This time Toyota says that, "A sense that the future is not clear is growing due to the confusion in the Middle East situation, but keeping our labor is the greater priority. We will not put off our plan to move into Miyata." An official responsible for attracting enterprises to Miyata, of which it has come to be said that failing projects are its greatest industry, smiles: "For a town that rose and fell with mining, this is a long-cherished hope come true."

The "Toyota effect" is already beginning to appear. Other than Nippondenso, which is considering moving into Kitakyushu, the move of four automobile-related enterprises such as Kanegata into Nagasaki Prefecture has been decided. For Nagasaki, whose main force is shipbuilding and marine industries, they are the first such industries. Among Fukuoka Prefecture's local enterprises, Kucho Motor Company, Kucho Machine's parts manufacturer, is hurrying negotiations to cooperate with Toyota-affiliated parts manufacturers.

There are also ripple effects. Resins products manufacturer Heisei Polymer (main office in Tokyo), which has a factory near Miyata, has started examining adopting a system of a full two days off each week to counter Toyota's great power to absorb employment. "The regional dispersion of enterprises due to the labor shortage is playing a promoting role in correcting regional disparities in labor conditions," according to chief researcher Hiroshi Takemura of the Japan Development Bank Capital Investment Institute.

"Go North" Strategy Continues

"We were looking into building a new factory in the Utsunomiya area but it was said that 'you just can't get people there,' so we went north of Fukushima and Sendai, finally settling on Hanamaki, Iwate," grimaces Ryo Shigewaki, a representative of Fuji Machine Industries (main office in Minamiashigara, Kanagawa), a subsidiary of Fuji Photo Film. The "Go North" strategy of enterprises that continue to demand labor is redrawing the industrial map of the Tohoku region. Matsushita Electric Company is constructing an AV (audiovisual) laboratory in Miyagi prefecture; Toyota, a parts factory. "In the era of high-speed growth, we set up labor-intensive factories for sewing and other assembly operations needing labor. Recently, the advance into local areas of the main state-of-the-art factories in the most advanced industries such as electronic parts, telecommunications, and biotechnology is remarkable," according to the regional promotion division of the Tohoku office of the Ministry of International Trade & Industry (MITI).

Cottages for Scholars

Naturally, policy for the labor shortage is an urgent topic for the local areas as well. The regions themselves have few attractions. If the outflow of talent continues, the management of local enterprises will not take hold and upgrading of industry by attracting local enterprises will remain simply on the drawing board. Therefore, the local governing bodies are wracking their brains for strategies to keep talent at home one way or another. Take Komagane, Nagano, for example. The city is advancing the concept of opening cottages to scholars and researchers for free during summer vacation. If the image of a "city where researchers gather" is established, the judgment is that momentum will gather for technicians and such intellectual workers to settle in the city.

In Ibaraki Prefecture's Kajima Marine Industries Zone, enterprises there have gotten together to launch the creation of a district "where one can have fun 24 hours a day." Inviting Makoto Sugano, representative of the Nova 21 Group that manages the Maharaja disco popular with young people, the enterprises from the prefecture and three local towns will launch the "Pleasant District Creation Discussion Council." Their goal is to draw young people to the local area somehow.

With a structural labor shortage, enterprises are advancing local development willy-nilly; the local areas are working to attract them. It is a redistribution of "money" and "things" that the lack of "people" is bringing with it. "While a demand-led economic expansion is spoken of, the disparity of economic power between the large cities such as the capital area and the local areas has widened. If the flow of such large enterprises as Toyota developing the local areas become established, employment and technical power will energize the local areas, leading to balanced development of the nation's land." So predicts Katsunori Takagi, director of the Fuji Research Institute.

[30 Aug 90 p 1]

Toward Precondition of Modernization

There is a pamphlet titled "Request On Making Business Reasonable." The groups that produced it are the candy wholesalers and producers' organizations, the National Candy Wholesalers Industry Union, Confederation and the All-Nippon Candy Council. Written on a page of B-4 paper in red and black is the following: Please excuse us from: 1) Help in selling items, displaying inventory, redecorating, etc.; 2) Help in pricing items, over-the-counter sales; 3) Accepting the return of good items; 4) Sunday deliveries.

The candy industry, with many small and medium enterprises, is weak compared to the supermarkets and food stores. Unrational commercial practices has passed for the norm. Help in redecorating the shelves once a month is expected. "Cases of being called out on Sunday to help out the store are not rare," according to an individual from the Candy Council. Each time, the costs pile up for the wholesaler or manufacturer who must keep the helpers, but they can hardly refuse to help in

this excessively competitive system. In a flash, it became an "expected service for free" included in the commodity trade.

However, as the margin to offer "labor" has ceased due to the serious labor shortage; burdened with irregular labor conditions, the feeling of crisis of not being able to gather together even the necessary help for essential business is linked to this "rebellion pamphlet." Both organizations will soon open meetings of their boards of directors and will ultimately gather their opinions and pass them out to the supermarkets.

The same movement is spreading even in the soap and detergents industry. The industry, centered on the National Daily General Merchandise & Cosmetics Wholesale Industries Union, surveyed the current state of affairs and planned a 6-point demand for improvement next spring such as declining to offer labor to retail stores and making reasonable the number of unit items ordered and the frequency of deliveries. Signs are visible that the distribution stages' opaque structure of mutual back scratching and trading practices that were offered as a sacrifice at the Japan-U.S. structural talks is gradually being destroyed in reality not by "foreign pressure" alone, but by the "domestic pressure" of the labor shortage as well. Tokyo Economics University Professor Naofusa Miyashita points out that, "The special nature of Japanese distribution is being rejected from within. It is difficult to say that the revision of business practices due to the labor shortage will resolve everything, but it will increase the precondition of distribution modernization."

Just Price Demanded

A movement to demand a just price for services has also emerged. Mid-sized trucking firm Norin Kyodo Warehousing (main office in Tokyo; Shigeko Hayashi, President) sent written wishes for "handling charges for carrying back goods when the customer is absent" to the approximately 40 grocery stores and supermarkets with wich the company does business. "In cases where it is necessary to deliver again when the receiver is out, I would like to receive the basic delivery fee and an additional fee for the same amount," the note said.

With the increase of households in which both the husband and wife go to work, the rate of those not home during the day has risen to 20 percent. The re-delivery fees are increasing, but until now it has been the trucking industry's responsibility no matter how often they delivered it. But with the shortage of drivers, "no-cost service" has reached its limits.

President Hayashi, who also works as head of the Tokyo Trucking Committee that organizes approximately 70 trucking firms in the city, relates that, "The shippers for the department stores and such even receive requests to assume such sales promotions as carrying the department store's name when delivering. We would like them to understand that there are costs involved in providing good services." In the textile production districts of Hokuriku and other places, those who dye and process dry goods and cloth are aiming to revise the terms of trade with those in the apparel industry. Their "hit-or-miss accounting practice" was to divide the price into processing payment and transportation payment; it's content was to request various separate units. It is an extremely obvious-looking request for improvement, but, in the words of Yoshiaki Okuda, Osaka Office Director of the Japan Dyers' Association, "Even that obvious thing is a practice from long ago, and we could not modernize it. Finally, it got to the point where we could say something to the customers."

Surplus of 2 Million People

These movements to improve trade conditions were transient ones of the boom period. There is also the view that future business circumstances will return to the starting point. However, Hitotsubashi University Professor Koichi Tanouchi analyzes that, "Until now dissatisfaction was rising, but the truth of the matter is that people weren't able to speak out. With the structural labor shortage in the background, the trend will not reverse even if there is a difference as to the extent to which it occurs." Professor Tanouchi even goes so far as to say that, "The dregs of the feudal era remaining in Japan's commercial customs will be removed. It is a step in the direction of deciding everything by modern business relationships."

As many as 2 million people's jobs will be cut from the distribution industry in the 1990s. In the original draft of the Report on the Domestic-Foreign Price Gap of the Japan-U.S. Structural Problems Talks that the Federation of Economic Organizations (Keidanren) put together in March, this kind of calculation was factored in. If a system seen from the outside as opaque, one of dispatched store employees, returned goods, rebate systems, low volumes of goods delivered for high sums, and such is corrected, there will emerge excess labor power of 2 million people. The content is that it will have a large effect in offsetting the pressure on labor supply and demand in the 1990's and in curbing the rise of wage costs.

The calculation was withdrawn due to the hardline opposition in distribution industry circles. The report settled on the expression "could reduce employment to a considerable extent." Apart from the figure of "2 million people," if they went along the lines of the effect calculated, there is no doubt Japan's economy would become even stronger.

[1 Sep 90 p 5]

[Text] A conference to explain u-turn employment was held on 31 August in Kitagami, Iwate. At the conference place, hiring officers of 39 companies eagerly waited for the students who had returned to Iwate for the O-Bon holidays. Perhaps because many of the students already had received advance offers of employment elsewhere,

many of the company tables attracted almost no students. Only one table had a line of students in front of it.

Laying Out 1 Billion Yen for Recreation Facilities

The table was that of the machine tool manufacturer Miyano (main office in Ueda, Nagano). Why was there such a rush of applicants for a mid-sized enterprise not all that well known? Aiming to start operating next spring, Miyano is currently constructing within the city its Kitagami-Iwate factory for NC (numerically-controlled) lathes. The factory itself is nothing special. The foremost reason the company attracted the job applicants is the provision of large-scale recreational facilities for the employees on factory grounds. There is a 2-kilometer go-cart track that wraps around a 10,000-meter, 3-meter deep artificial pond. Tennis courts and a baseball field are also provided. Of the sum of 4 billion yen invested in the factory, investment in the recreation facilities is close to one billion yen. There are no more than some 100 employees in the new factory, but company president Yoshiharu Miyano thrusts out his chest with pride in saying that, "It's an investment in raising the company's image. Our company has no difficulty with applications for employment."

Even Company Housing for Employees Commuting by Bullet Train

Every last enterprise has now started putting its utmost efforts into investing in people. A rush in company housing and dormitories is a typical example. According to the Ministry of Construction, the number of housing starts in 1989 for company housing (excluding dormitories) increased by 22.5 percent over the previous year, surpassing the increase for all housing starts by 0.6 percent. Company housing starts fell 7.2 percent in 1985—before the start of the rise in land prices—compared to the previous year, but since turning around to make a comeback in 1986 with a 2.5 percent rise, they have continued growing reliably: by 9.1 percent in 1987 and 10.1 percent in 1989.

Daiwa House Industries, a major player in prefab housing, is constructing company housing in Oyama, Ibaraki, for transferred employees who work in the main office in Tokyo on the assumption that they will commute by bullet train. The company is laying out over one billion yen to complete with a year a total of 31 3LDK [units with 3 bedrooms, a living room, dining room, and kitchen] and 4LDK units on approximately 1,800 square meters of land. The same company last year increased the number of its employees in Tokyo in one year from 870 to 1,000, and is under pressure to keep company housing for new company employees and those transferred to the capital area from other offices.

In the background to this is the change in the attitude toward work of young people. According to a joint survey conducted by the Japan Economic Youth Council, the primary employment goal that new company employees offered this year was, "I would like to lead a pleasant life." The response was zero for, "I would like to give my all for the development of the company."

There are those who criticize these corporate activities. "Large corporations throwing money around and getting people is a problem," according to Soka University Professor Mataji Umehara. Critics point out that the boom in company housing is becoming a factor in the skyrocketing price of land.

Even so, young talent will not come if neglected; or, even if they do enter the company, they soon end up quitting. Ther is even a feeling of crisis. "The labor shortage this time is a structural one and is only going to get worse," according to President Kenji Maeda of Maeda Construction Industries. "It's best if (the company) takes care of its salaried employees' dissatisfactions," according to President Tokihisa Inokuma of Meidensha.

Improving Vacation, Equipment as Well

Investment in people does not stop at such "investments" as company housing. Starting in April this year, Ricoh has adopted a "Four Seasons Vacation System" of a series of days off that can be taken as a vacation in each season. In addition to the traditional summer and winter holidays and other than the string of vacation days in the spring Golden Week, the company has newly established a special 6-day fall vacation in October, raising the number of annual days off by 3 to 124.

In the area of equipment, too, there is concern for "people." The Takenaka Komuten Company recently, working with a crane manufacturer, ran a trial production of a special, more inhabitable crane cab. The company made the crane cab with female and aged operators in mind. In order to reduce the effort of climbing up and down to the driver's seat 20 to 30 meters above the ground, the company set up a toilet at the seat that burns waste on the spot. In addition, it adopted a modern type of seat resembling that of an airline pilot.

After the war, only the enterprises grew rich in Japan. Even in the midst of the boom this time called the domestic-demand boom, the disparity between enterprises and individuals does not shrink. However, "If we don't get away from the way of using people of the low-wage era and change into enterprises that treat people well, we won't be able to survive from now on," according to Keio University Professor Haruo Shimada. A metamorphisis from the scale of sales and rate of profits to companies attractive to their employees. Perhaps the labor shortage will become the occasion for "companies to change."

[4 Sep 90 p 5]

[Text] Even Substitute Managers, Personnel

"I temp for manager-sector work." This kind of helper business is in fashion. Dues, which operates a network of student circles and conducts planning for seminars and such, joined with Dai-Tokyo Fire and Marine Insurance

in August. Apart from providing an exchange of networking students and employees and acting to keep conference rooms and prepare printed materials, it also provides backup in the area of health and welfare. Dai-Tokyo Fire and Marine gives advice on a wide range of management issues. "Even though small and medium enterprises try to get new graduates, they are short on the critical manager sector. Well, we [provide that]," says President Tomodoku Asano in speaking of his goal. In realizing health and welfare aimed at retaining company employees as well, the shortage of talent becomes a bottleneck. Able Staff (main office in Tokyo), set up this spring, acts to fill the services related to personnel from searching for people to developing talent to distribution. "Turning down requests to send people is a daily job." The company president of a certain talent dispatch company scratches his face. The labor shortage is spurring the externalization of the business enterprises. The market scale of talent dispatching is expanding. General dispatching alone, mainly for office work, has surpassed 300 billion yen. According to the Ministry of Labor, the number of authorized dispatch businesses between January and June this year was 174; it surpasses the 158 from the same period last year. The desire of the dispatch companies to open branch stores is not at all declining. On the other hand, however, they themselves are falling into the odd situation of staff shortages.

Leaving Even Research to the Outside

That industry called "the research industry"—to which our ears are unaccustomed—is rapidly coming to the fore. It is divided into a research and development industry that takes on R&D and a research-support industry that does evaluation, testing, and analysis as well as offer technical information and talent. The industry is broadening its various bases.

Take evaluation, examination, and analysis for example. Of the Toray Research Center's (main office in Tokyo) annual business of approximately 4 billion yen, 70 percent consists of orders from outside Toray. The evaluation and analysis specialists' industry is becoming a roughly 50 billion yen market. "Effectively, in industry circles they're using a part of the researchers jointly, which is also linked to the rise in the technical level," according to Toray Research Center President Tatsuro Kawaguchi. Enterprise expenditures on research activities amount to 8 trillion yen a year. If the "substitution industry" is cultivated, there is the possibility it will become a great industrial force in the future.

Technical improvements are beginning in these "substitution industries." Bellsystem 24 (main office in Tokyo)—the largest player among the telemarketing companies that perform various management activities of enterprises that use the telephone for receiving sales in the mail-order business, for consumer contact, receiving requests for materials, and such—has developed with IBM Japan an improved telephone operations support system. Bell System 24 currently has over 1,000 corporate customers for its temporary secretary business but, when using its new system, automatically reads incoming telephone numbers and promptly displays the caller's data on a screen. The system can add data while responding. By introducing it, labor is cut to one-fifth. A single operator can handle some twenty separate companies. It is, so to say, the equipmentization of the service industry but, according to Assistant Director Takeshi Anesaki of MITI's Industrial Structure Division, "The strong yen has advanced the structural adjustment of Japan's export-type economy, but the 1990's are a period of non-manufacturing industry structural adjustment. The labor shortage is putting the spurs to structural adjustment that is bringing with it technical innovation."

There is also the view, among manufacturing industries, that "In the shape of businesses, service-industry-type enterprises seem to be increasing," in the words of Mitsubishi Research Institute Strategy Sector Chief Researcher Yasuaki Muto. With biotechnology, reagent manufacturers whose range of products has broadened will come to have a supporting role for other manufacturing industries. Enterprises possessing specialized technology, through providing products and technology to other manufacturing industries, will give birth to new "service industries."

Even Ordering Out of Household Chores

In households, the ordering out of domestic labor is already advancing rapidly. The social advances of women have, in combination with their desire for an affluent life, expanded such businesses as restaurant food, maid services, baby sitting, and home protection. In Tokyo's Tamachi district, the home delivery service for fresh food and groceries that Isetan started the year before last already has 5,500 members. Accepting orders by telephone of items chosen from a catalogue put out every week, the company's monthly sales are up 25 percent over the previous year. Isetan also plans to broaden its service area to 23 city districts in the future.

Orient Corporation, joining with Art Corporation and laundering service company Mobimento, is running a laundry service for card-carrying members.

By the estimate of MITI's Industrial Structure Division, those industries that will increase their shares of production figures are service industries in the narrow sense—those that support enterprises and households—and processing and assembly industries whose productivity rise by mechanization. The 16.5 percent share of service industries narrowly defined will rise to 17.8 percent by the year 2000.

The labor shortage is accelerating the division of labor in enterprises and households. Perhaps this will be related to what is becoming the seedbed of technical innovation giving birth to new value-added industries and recasting the industrial structure.

[5 Sep 90 p 5]

[Text] Business expansions and labor shortages go together. In the Izanagi boom—from October 1965 to July 1970, the longest in the postwar era—as well, the effective magnitude of jobs advertised to applicants (the national average) jumped to the same 1.4, and the pros and cons of accepting foreign laborers were debated. Amidst this serious labor shortage, the first industrial robots appeared and enterprises entered in earnest into production automation and labor saving. In comparison to an average annual domestic wholesale price increase at the time of 2.4 percent, cash salaries recorded a 14.4 percent rate of increase. With a wide-randing rise in labor productivity, in the words of the Economic Planning Agency (EPA), "It was a golden 57 months that laid the cornerstone for an affluent Japan."

Residences Made at the Factory

What is fundamentally different about the labor shortage of the "Heisei boom" from those before it is that it is not a temporary thing accompanying the boom cycle pressure on corporations in labor supply and demand but is taken to be a structural problem that will continue throughout the 1990s. The impact is even greater than before. The sense of crisis is particularly strong for labor-intensive industries "that rely on labor."

The Misawa Home Kanto factory in Chiyoda, Gunma. Iron sheets at a U-shaped starting line are soon put into boxes, follwed by floors, walls, ceilings, and window frames. At the final point, in accordance with the requests of the customers, such things as bathtubs, kitchens, stairs, and alcoves are assembled and packed. Residences completed on a production line of the same type as for automobiles are simply moved by truck to their locations. There is pride in managing it with only one-fourth the previous manufacturing time and personnel.

"In 20 years there will be a third as many carpenters. People will have to wait two and a half years to build a home." The preliminary calculations that Misawa Home Research Institute announced were shocking. Institute Director Tokuhiko Suzuki relates that, "It's already senseless to train carpenter employees. Carpenters specialize in high-quality, hand-built residences. Over half of the houses supplied are industrialized residences." He is aiming to industrialize to the limits possible a housing industry typical of labor-intensive industries and escape into a capital-intensive industry. The export of boxed, industrialized houses is possible. He even hopes for demand for cottages from overseas resort areas.

It is not only housing. In such fields as construction and distribution, technical innovation movements to ride out the labor shortage are spreading. That is because one cannot survive if one does not escape from a labor-intensive structure by the promotion of labor reduction and robotization.

Housewives Become Taxi Crews

In comparison to such industries as automobiles and machines that used the strong yen as a spring to strengthen further their competitiveness, the rise in productivity of such domestic-demand industries as construction, housing, and distribution took place at a slow pace. As for the change of domestic-demand industries, according to the EPA: "There is the possibility of reducing the productivity gap between industries and strengthen further the limbs of the boom.

"We should accept foreign laborers." This kind of comment is emerging from some of the small and medium companies suffering from the serious labor shortage. There are many arguments for waiting eagerly for foreign workers in the 3-K types of jobs [those which are kitsui, kitanai, and kiken; i.e., those which are difficult, dirty, and dangerous]. But structural adjustment in labor saving and rationalization will not move ahead with a short-sighted conception of employing foreigners because companies cannot get Japanese.

"I'd like to look into whether I can't have housewives with driver's licenses drive a few hours a day." The taxi industry, which depends on labor. The actual rate of taxi vehicles in operation in Tokyo in July was 89.3 percent. One vehicle in ten was idle. Working a two-day shift on both sides of midnight is the rule, but its difficulty is disliked. The Tokyo Passenger Automobile Council, the industry's organization, has embarked on a fundamental revision for changes in the work system, the introduction of a flex time system, and a full retraining system.

By the estimate of the Ministry of Labor, 1 million aged individuals and 6 million women are potential workers. If these potential workers can be retrained and employed, the labor shortage in the service industries unable to rely on machines can probably be eased. Concerning women's household labor, which is not counted in the GNP, if the number of those employed in housework and the average of hours worked were calculated by the average salary, it is said that the total would reach approximately 100 trillion yen. What percentage of the women engated in domestic labor can participate in the labor market is the question, but the EPA says that, "They will be a factor in pushing up the GNP of the 1990's."

An Upward Push on the Potential Growth Rate

Fuji Research Institute has preliminary calculations concerning the move into the labor market of the aged and women. Assuming the 1988 unemployment rate of the aged and the percentage of employed women were equal to their ages [for example, roughly 70 percent of those in their 70's were unemployed], the potential growth rate stops at 2.9 percent. In contrast, if the labor rate for women 25-34 years of age were to rise by over 20 percent to the level of 70 percent, on a par with the United States, and [companies] succeeded in tapping their labor power, the potential growth rate rises to 4.1 percent a year. "Adjustment of the employment structure isn't

only a shortening of working hours. It is indispensable for the support of economic growth," according to the Fuji Research Institute. The leap in oil prices and high interest rates due to increasing tensions in the Middle East situation cast shadows over the future. The EPA notes that the labor shortage "has begun to have an influence in a feeling of hitting the ceiling in such industries as transportation and in a rise in prices. The pattern has come into view of a restriction in fiscal policy to check inflation and the rise in wages and prices spreading through all industries due to pressure on supply and demand peculiar to the final stage of a boom and the sense of a labor shortage.

However, even though the labor shortage this time has its lighter and darker shades in the boom cycle, it advances structurally. While keeping an eye on the boom situation, how is the labor shortage being overcome as a medium-to-long-term problem? It will unmistakeably be a key word of the Japanese economy of the 1990's.

Soviet Friendship Society Issues Renewal Program

OW1511190590 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1710 GMT 15 Nov 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 November (OANA-MONTSAME)—According to the renewal program of the activities of the Mongol-Soviet Friendship Society (MSFS), the aim of this public organisation is to promote the traditional friendship and cooperation between Mongolian and Soviet peoples, and to raise the efficiency of bilateral relations. The program is published in the paper "NIISLELIIN SONIN BICHIG" for nation-wide discussion.

As the program stipulates, supported by its members and people the MSFS will carry out its activities on the principles of democracy, glasnost and self-management in conformity with the constitution and other legal acts of the country. The MSFS will encourage cooperation between all parties, associations and public organisations supporting Mongol-Soviet friendship, and back up movements and initiatives for consolidating the friendship and cooperation between the two countries, the program says.

The new draft rule of the MSFS specifies the society as a voluntary public organisation.

Gold Reserves To Be Kept in British Banks

OW0911165690 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1501 GMT 9 Nov 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 9 Nov (MONTSAME)—From now some part of the state gold reserve of Mongolia will be kept in British banks. The gold to kept there was processed at British enterprises to adjust to international standards, said G. Huderchuluun, head of the Mongolian State Bank, to a MONTSAME correspondent.

It is the first time that we are going to the Western market for operations with gold. We think that favourable conditions have currently taken shape for intergrating Mongolia into the international financial system and taking part in financial operations on the Western market, he underscored.

Mr. G. Huderchuluun refused to name the exact amount of gold to be kept in British banks.

News Conference Previews Small Hural Agenda

OW1111134090 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1211 GMT 11 Nov 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 10 November (OANA-MONTSAME)—S. Gungaadorj, MPR [Mongolian People's Republic] vice-president held today a press conference for representatives of mass media. The press conference was devoted to the forthcoming session of the State Small Hural (SSH)—Mongolia's standing legislature to be opened on November 12.

According to the vice-president the session will continue two months and discuss the draft laws on the press, trade unions, the government, the presidential institute, the State Small Hural and the deputy's status. Along with it relevant amendments will be adopted at the session to the laws on [words indistinct] political parties as well as civil and labour codes. On the whole, the session's agenda comprises 24 issues. S. Gungaadorj said that he did not discard the possibility of including other issues at the initiative of SSH members.

B. Chimid, SSH secretary, who also took part in the press conference noted that the amendments to be made to the civil and labour codes would be the first step toward creating a legal framework for multiple forms of ownership which are currently being introduced into Mongolia and privatization of state property.

Small Hural Session Views Demographic Situation

OW1611021490 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1250 GMT 15 Nov 90—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 15 November (OANA-MONTSAME)—The session of the State Baga [Small] Hural (SBH) continued to discuss the draft law on pension. The pension age qualification set out in the draft gathered much argument. G. Dzuunay, a physician, is one of those members of the SBH calling for to reduce the pension age. [sentence as received] Defending his stand he reported some datas concerning the demographic situation in the country.

According to the statistics provided by G. Dzuunay, the average life expectancy of Mongols is now 62.63 compared with 60.39 in 1980 and 59.45 in 1970. There is a trend showing reduction in the number of people of over 60, who made for 12 of the total population in 1963. [sentence as received] The figure dropped to 11.1 in 1969, 8.65 in 1979 and 7.1 in 1989. The average age of dying people is falling, with 30.3 in last year compared to 33.6 in 1980. The temporary disability rate in various branches of economy is between 13-16 per 100 people (the dangerous line is 12 per 100 by the world standard). Every worker provides the living of 1.7 men. The average world level is 0.2-0.7 men. The average rate of childbearing of Mongolian women was 5.3 last year. The figure is predicted to fall to 3.6 in 2010. In 2010 the life expectancy will make 66.7.

Taking into consideration the above mentioned statistics G. Dzuunay suggests the minimum working age be 15, and men retire at the age of 55, women at 50.

MONTSAME Gives Press Review for 10 N

OW1111134390 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1146 GMT 11 Nov 90—FOR OFFICIAL USE ONLY

[Excerpts] Ulaanbaatar, 10 November (OANA-MONTSAME)—Today's issue of the government paper "ARDYN ERH" reports on the meeting of MPR [Mongolian People's Republic] Prime Minister D. Byambasuren with the collective of the Tosontsengel woodworking factory in Zavhan Province. The factory which has more than 1400 workers failed to fulfill plan targets of last years while its debt to the state has reached tens of million togrogs. Recently the leaders of the factory appealed to the government for writing of its debt and financial assistance. During the meeting the prime minister shared his opinion on ways of resolving the problems the factory is facing. He said that the factory had at its disposal all necessary resources for expanding its production, in particular, by means of boosting the production of saw-timbers and furnitures.

The paper also carries an information on a ceremony at the State Security Agency during which the agency's personnel took the oath to be loyal to the their country and people. The personnel expressed their willingness for making contributions to the implementation of nation-wide tasks forwarded by the president in his recent manifest addressing the Mongolian people and issued a statement addressing the president and the government. [passage omitted]

The same paper carries an article criticizing an agricultural cooperative in Sergelen District in Tuv Province for undifferentiated attitudes toward concluding lease contracts with local herdsmen as a result of which the interest of the latters toward this new economic method in agriculture is diminishing. The article underscores the necessity to pay more attention to the resolution of social problems of herdsmen-members of the agricultural coop and to assign relevant pastures to the coop to prevent their use by other organizations with the permission of local authorities. [passage omitted]

The paper "ULAANBAATAR"—a publication of Ulaanbaatar authorities runs an interview with officials of some capital's trade enterprises. The majority of the interviewees express their support to the proposal to lease trade enterprises while protest against their privatization. [passage omitted]

The same paper [UTGA ZOHIOL] makes public an interview with the prominent Soviet scholar Prof. L.M. Gumilyev who says that at present Mongolia is experiencing a national renaissance and that the country will be thriving state at the nearest future.

MONTSAME Gives Press Review for 14 Nov

OW1511094190 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 0743 GMT 14 Nov 90—FOR OFFICIAL USE ONLY

[Excerpts] Ulaanbaatar, 14 November. (OANA-MONTSAME)— Reports on the second session of the State Baga Hural [SBH] make the front page of the daily "UNEN." The report said yesterday's sitting heard the report made by Vice Premier D. Dorligjab [name as received] on the draft law on pensions, and the information on the bill delivered by T. Ochirhuu, chairman of the SBH Social Policy Permanent Committee. According to the report on the draft law there are a total 369,000 people receiving pension and various benefits for which the state allocates 500 million tugrik annually. The draft law on pensions envisages an increase in pensions for 200,000 people. The members of the SBH also discussed economic possibilities of the utilization of the new law. [passage omitted]

Deputy Editor-in-Chief of the Soviet daily "PRAVDA" A. Ilin, who has participated in the 70th anniversary of the Mongolian revolutionary press, stresses the traditional ties between "PRAVDA" and "UNEN," and the importance of the role of journalists in the restructuring.

An article under the heading "Was Socialism Built in Mongolia, Will It Be Built?" published in "MONGOLYN ZALUUCHUUD"—the youth paper, says socialism as a pattern of social and political system was not built in this country in spite of efforts directed at transmitting Mongolia to socialism by leaping over the capitalist way of development.

The paper devotes some space to the discussion of renewal of the Mongolian Revolutionary Youth League, and interviews given by American missionaries who have recently visited the country. [passage omitted]

MONTSAME Gives Press Review for 16 Nov

OW1611201690 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1725 GMT 16 Nov 90—FOR OFFICIAL USE ONLY

[Excerpts] Ulaanbaatar, 16 November (MONTSAME)—The daily "UNEN" leads with reports on the 2nd session of the State Baga [Small] Hural [SBH] which is now discussing the draft law on pension. The members of the SBH have assigned the government to work out the draft law on benefits and submit it to the session.

Readers' letters calling for immediate adoption of the law on mass media were given room on the front page of the paper.

"UNEN" also reports on the meeting of President Ochirbat with chairman of the PRC, Yang Shangkun, on his way home, during which questions concerning bilateral relations were discussed. [passage omitted]

Suggestions and viewpoints of economists on market economy received a wide coverage in the trade union paper "HUDULMUR" (LABOUR). In her article headed "Will Our Backwardness Benefit Us" writer S. Oyun notes that the development of scientific and technological progress leads to environmental pollution, and calls on to make a rational use of the natural resources. [passage omitted]